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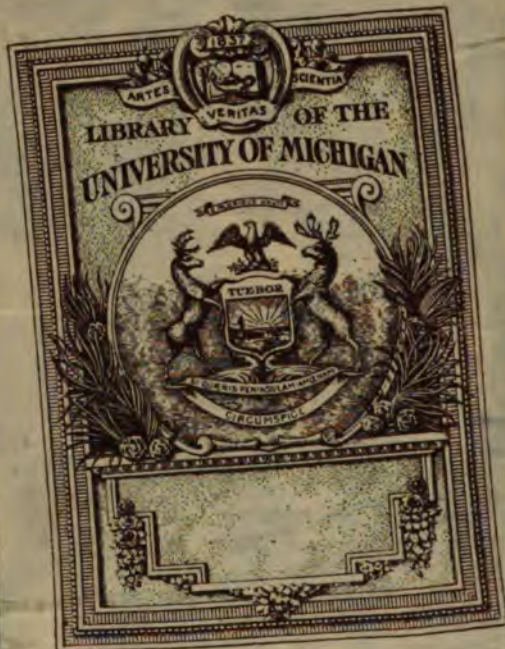
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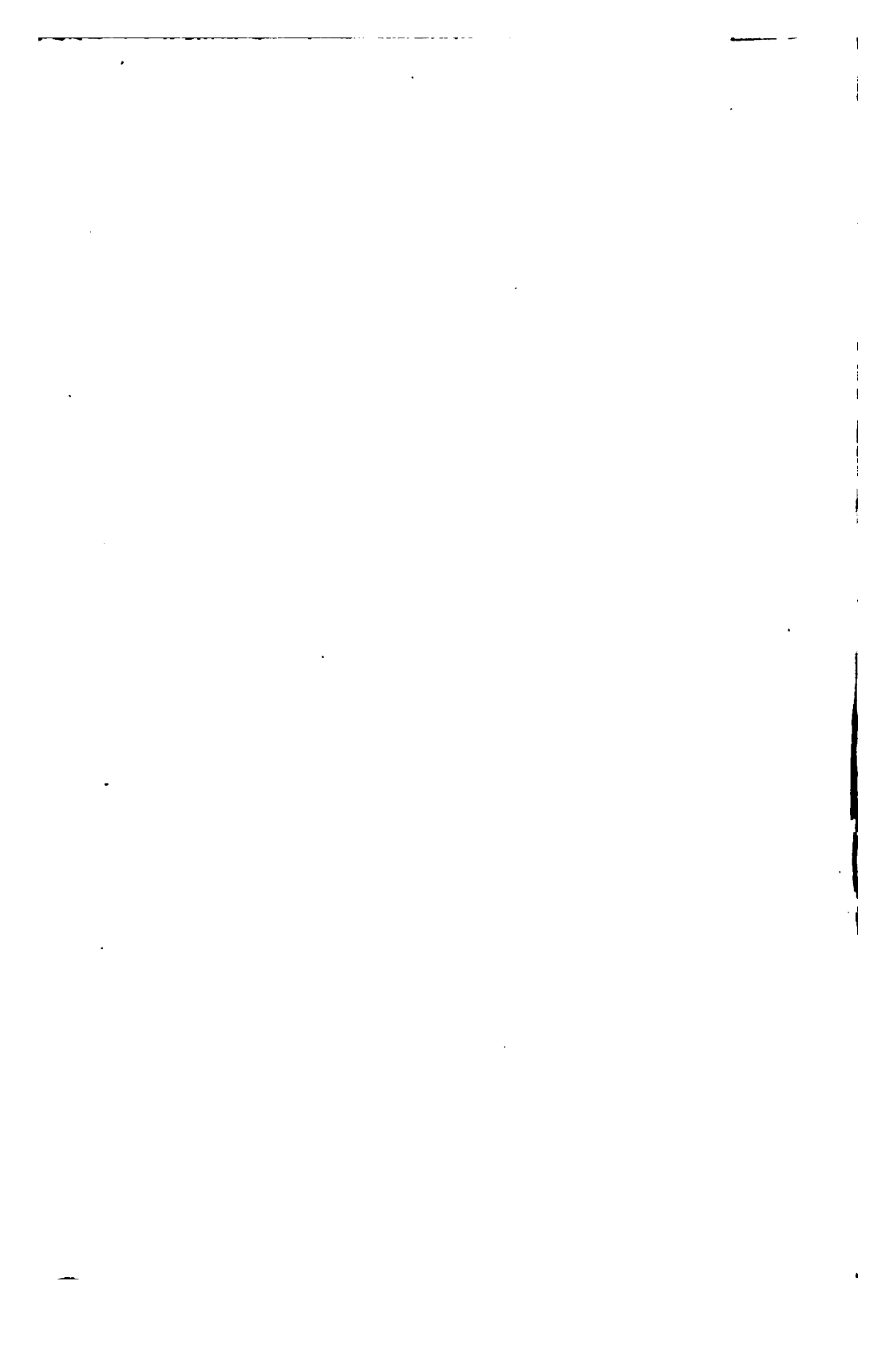
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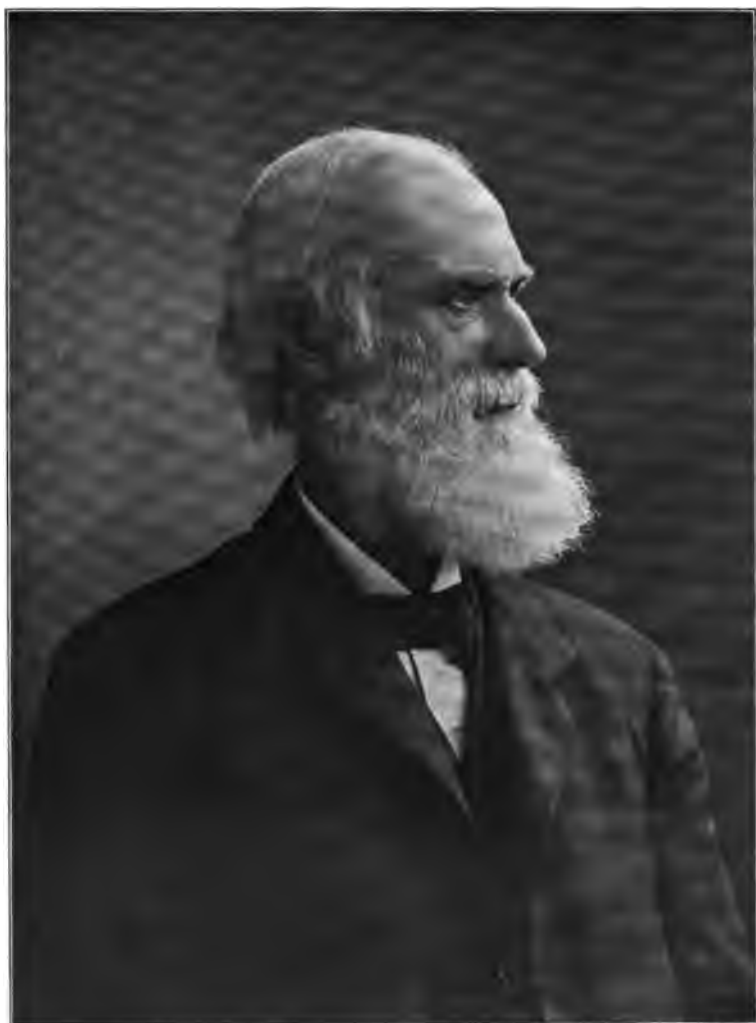
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Wm. W. Bates.*



# AMERICAN NAVIGATION

THE POLITICAL HISTORY OF  
ITS RISE AND RUIN

AND

THE OTHER MEANS OF  
ENCOURAGEMENT

BY

WILLIAM W. BATES

*Secretary of Architects and Marine Engineers, N. Y.*

*Commissioner of Navigation, U. S. Dept. of*

*Commerce; "Herald" Editor; "Herald"*

*Editor; "Herald" Editor; "Herald"*

*Marine and Naval Journal*

*Wholesale Shipyard*

*1880-1881*

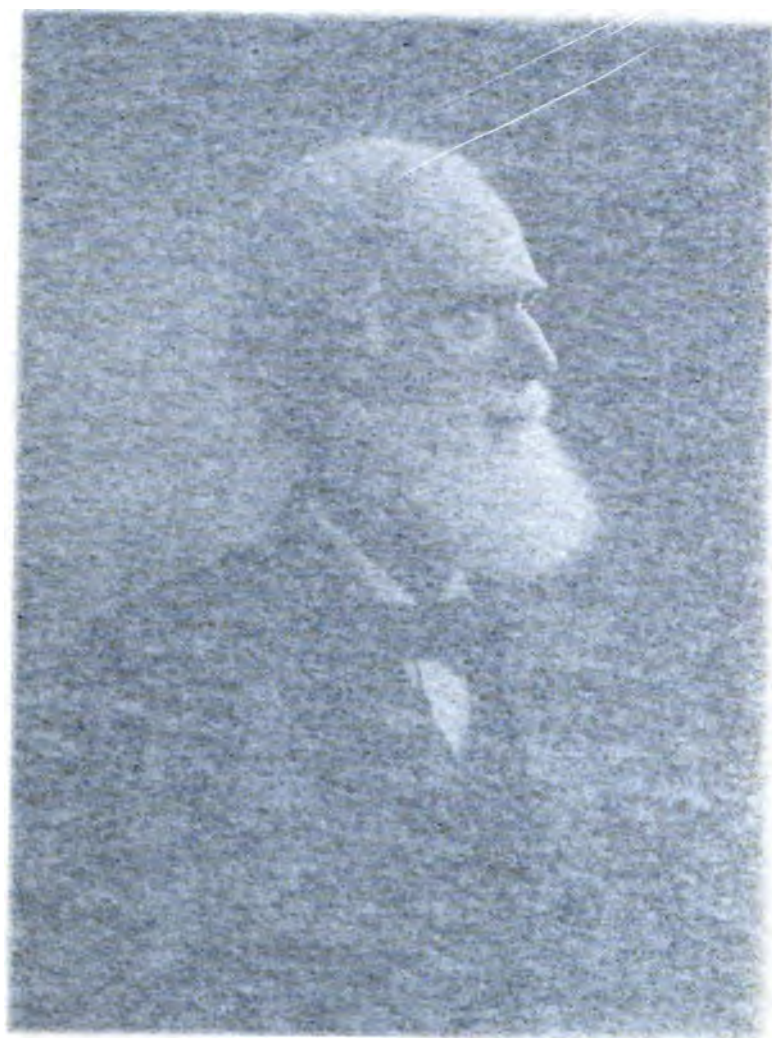


BOSTON AND NEW YORK

JOHNSON, MITCHELL AND COMPANY

The Riverside Press, Cambridge

1902



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J. M. [illegible]

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AND

## THE PROPER MEANS FOR ITS ENCOURAGEMENT

BY

**WILLIAM W. BATES**

*Member Society Naval Architects and Marine Engineers, N. Y. ;*

*Ex-United States Commissioner of Navigation ; Author of*

*"American Marine;" Rules for "Inland," and*

*"American Lloyds;" Editor "Nautical*

*Magazine and Naval Journal;"*

*Writer on Shipping*

*Questions*



BOSTON AND NEW YORK  
HOUGHTON, MIFFLIN AND COMPANY  
*The Riverside Press, Cambridge*  
1902

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**In Remembrance**  
**OF**  
**JAMES MADISON OF VIRGINIA,**  
**AN ACTIVE MEMBER OF THE CONTINENTAL CONGRESS;**  
**FOR EIGHT YEARS A MEMBER AND LEADER**  
**OF THE HOUSE OF REPRESENTATIVES,**  
**EIGHT YEARS SECRETARY OF STATE,**  
**AND EIGHT YEARS PRESIDENT OF THE UNITED STATES;**  
**IN EVERY STATION**  
**THE FRIEND OF AMERICAN SHIPBUILDING,**  
**AND THE ABLE AND FEARLESS CHAMPION OF**  
**AMERICAN COMMERCE AND NAVIGATION,**  
**THIS WORK IS REVERENTLY**  
**INSCRIBED**



## PREFACE.

IN offering a second work on the Shipping Question the Author desires to diffuse information respecting the circumstances of our early navigation, and the encouragement given to it by the Colonies, the Independent States, and the National Government under the provisions of the Constitution. His object is a better understanding of the important subject of an American Marine.

Before the date of the famous Navigation Act of England our forefathers had studied the means of developing Navigation in America. One of their complaints against the British Government was that it had prevented our trade with the world. The instruction to be gained on the subject has not yet been supplied to our people, and is to them inaccessible. So far, it is only to be found by searching the records of legislation, State and National. The object of the present work is to open up this field, to bring to light the leading facts, and to point their application to present needs.

A proper choice of measures for the restoration of our foreign carrying trade would doubtless be much assisted if the People knew all the facts about our primary Navigation policy — why it was the necessary, and why, also, it was the best policy. It is not generally known just what the measures were ; if they were well adapted, why they were preferred, and how the system operated. Because this information is wanting, there can be no settled opinion as to the merits of the different shipping measures that, from time to time, find support in and out of Congress. This suspense of judgment has continued for a generation. Our public men have been doubtful all this time as to remedies for foreign dependence in navigation. Our marine has been so long neglected that the evils of our situation are now actually questioned. No other nation of any

consequence carries an average of only 8.2 per cent. of exports and imports, — the figures for 1901, — yet we have citizens who believe this is national economy.

As the public understands the case, we *formerly* had an adequate marine of the best character known to the sea ; but how we came to lose it, what must be done that it may be rebuilt, appear to be questions so vexed as to be incapable of settlement. What could better elucidate and help to solve these questions than the study of the intelligent discussions of navigation problems by our early Congresses ? Feeling this to be the case, the pages of this work contain reports of all the early shipping debates, given in the words of the members themselves. Pertinent extracts from messages of the Presidents are also given.

The change of policy after the peace of 1815, by which we gradually discontinued our original encouragement to Navigation, and committed this interest to its fate from open competition with the directly or indirectly fostered shipping of other nations, will be found fully explained. The change was involuntary, and grew out of our unfortunate relations with Great Britain. A convention entered into with that nation, and similar agreements made with others afterward, practically binding us *to do nothing* to save our navigation and our commerce from capture and confiscation by rivals, originated our impotency at sea. It is attempted to make this clear and to demonstrate, also, that the true way of restoration is by the means provided in the Constitution — not by any system of gifts by Government, but by wise and just regulations of commerce.

The Author hopes that this work may be found useful for its purpose, and conducive to proper action by Congress on the vital subject of an American marine, for the facilitation and increase of our foreign trade.

WILLIAM W. BATES.

DENVER, COLORADO, June 1, 1902.



# CONTENTS.

---

## CHAPTER I.

### THE NATIONAL NEED OF SHIPPING OF OUR OWN.

	PAGE
Appreciation of Navigation. — Seventy Years' Congressional Neglect.	
— False Economic Philosophy. — Anti-Monopoly of Sea-Carriage.	
— The Balancing of Sea-Power. — Ruin due to Change of Policy.	
— Advantages and Benefits of Maritime Pursuits . . . . .	1

## CHAPTER II.

### THE NATIONAL OBJECTS OF A WISE SHIPPING POLICY.

1. The Industrial Interest. — The Sea as a Reservation. — Our Inherent Rights. — 2. The Commercial Interest. — Shipping required. — The Great Shipping Nations. — Speech of Mr. Nicholas. — 3. The Financial Interest. — Our Own Experience in Balancing Commerce. — Evils of Foreign Credit. — Historical Chart of Trade Balancing. — What the Chart reveals. — The Payment of Balances. — Growth and Extent of Adverse Transportation. — 4. Our Political Interest. — Foreign Interference in our Affairs. — The Press used in Foreign Interest. — The Idea of our Fathers. — A Mistaken Conclusion. — 5. Our Military Interest. — Madison, a Champion of American Shipping. — A Lesson from War Experience. — British Power as based on the Sea. — Importance of Shipbuilding Power. — Rational Statesmanship needed . . . . .	9
---	---

## CHAPTER III.

### COLONIAL AND STATE ENCOURAGEMENT OF NAVIGATION.

Origin of American Navigation Laws. — Colonial Tonnage and Tariff Acts. — The Powder and other Tonnage Duties. — Shipping Acts of the Confederate Period. — Objects of Tariff and Tonnage Duties. — Renewal of Revenue and Shipping Legislation. — British Determination to regain our Trade. — Commerce with England. —	
--	--

Table 1. — Uniform Regulation of Commerce. — The Germ of National Ship Protection. — Failure of Confederate Government. — Revision of the Federal System. — The Annapolis Convention to regulate Trade. — Origination of the Constitutional Convention. — The Making of the Constitution . . . . .	31
--	----

## CHAPTER IV.

## CONDITION OF AMERICAN SHIPPING IN 1789.

Encouragement of the Several States. — The Tonnage of the United States. — The Tonnage of the Different States. — Tables 2 and 3. — Scope of our Carrying Trade in 1789. — A Change in the Channels of Trade. — A Restricted Ship Market. — British Policy towards America. — Principal Section of the British Navigation Law . . . . .	47
---	----

## CHAPTER V.

## OUR EARLY SHIPPING POLICY : ITS PRINCIPLE AND MEASURES.

Commercial Views of our Early Statesmen. — Franklin on Fair Commerce. — Speech of Rufus King. — True Theory of Commerce. — Genesis of our Navigation Laws. — Discriminating Duties in the Asiatic Trade. — Discriminating Tonnage Duties. — Discrimination in Tariff Duties. — Passage of the Tonnage Duty Bill. — The Registry Act in support of Shipbuilding. — Our Navigation System as Originated . . . . .	55
---	----

## CHAPTER VI.

## AN EFFORT TO FURTHER ENCOURAGE NAVIGATION.

Increase of Duties on Foreign Shipping. — British Policy criticised. — Danger of Retaliation. — The Answering Speech of Madison. — Resolutions concerning Navigation and Trade. — Madison's Plan of Reciprocity. — The Practical Point of View. — England refuses to treat for Reciprocal Advantages. — Acts of British Cruisers and Privateers. — Protection to American Commerce. . . . .	67
---	----

## CHAPTER VII.

## JEFFERSON'S REPORT ON RESTRICTIONS ON TRAFFIC.

Foreign Countries and their Trade. — The Remedies for Restrictions. — Utopian Statesmanship. — Navigation superior to Commerce. — The Principles of Reciprocity. — Discriminating Duties no Incon-
--

## CONTENTS.

ix

venience. — Application of Reciprocity to the Foreign Carrying Trade . . . . .	82
--	----

## CHAPTER VIII.

### DEBATE UPON MADISON'S RESOLUTIONS, 1794.

Sequel to Jefferson's Report. — Views of Thos. H. Benton. — Sentiment of the Resolutions. — Mr. Madison's Speech. — Text of the Madison Resolutions. — The Debate ensuing. — Why the Constitution was adopted. — Actual Need of our own Marine. — The Principles of Ship Encouragement. — Inexpediency of Treaties. — Southern Interest in a Marine. — Other Nations as Bad as Britain. — The Lion in our Way. — Independence our Object. — British and American Navigation Laws contrasted. — No Faith in Britain or France. — A British Move misunderstood. — Conservatism of Massachusetts. — Objections answered. — The Absurdity of War Talk . . . . .	92
---	----

## CHAPTER IX.

### BRITISH HOSTILITY TOWARDS AMERICAN NAVIGATION.

Overbearing Course of England. — Madison's Charitable View. — Testimony as to British Antagonism. — Minister Pitt's Bill. — The Cause of our Shipping Difficulties. — Odium of British Navigation Laws. — British Failure in counteracting our Laws. — British System beaten by our own. — An Argument for opening our Coasting Trade. — The British Government on our Acts of 1789. — Different Ideas of Reciprocity. — The Jay Treaty. — What Madison said of it. — British Arrivals at American Ports. — Table 5. — The Weakness of Judge Jay. — British Preponderance preconceived. — British Interference and Influence . . . . .	116
--	-----

## CHAPTER X.

### PERSEVERANCE IN OUR SHIPPING POLICY.

Discontent under the Jay Treaty. — Extract from the President's Message of 1801. — Proposed Repeal of Discriminating Duties. — Mr. Smith's Reasons for Repeal. — Theoretical Advantages of Free Trade. — Free Trade distrusted. — Extracts from the Message of 1802. — Proceedings on the Smith Resolution. — Report of Commerce and Manufacture's Committee on Discriminating Duties. — Modes of Obviating Disadvantages. — Resolution of the Committee. — Important Modification. — Mr. Jones's Amendment. — Unpopularity of the Repeal proposed. — The Light Money Act,
--

## CONTENTS.

1804. — British Light-Money Charges. — No Light Charges in the United States. — Passage of the Bill . . . . .	132
---	-----

## CHAPTER XI.

### REPETITION OF WARFARE ON AMERICAN SHIPPING.

Provoking the War of 1812. — From Jefferson's Message of December, 1805. — A Violation of our Nautical Rights. — Inaugural of James Madison. — A Bright Spot in the Sky. — A Bold Diplomatic Trick. — Persistence in the Wrong. — Depredations of British Indian Allies. — Deception and Circumvention exposed. — Artful Dealing and Naval Aggression. — Fruitless Machinations. — Preparations for War . . . . .	149
---	-----

## CHAPTER XII.

### BRITISH AGGRESSIONS RESENTED. — WAR OF 1812.

Madison's Review of British Wrongs. — The War Message. — Impressment of our Seamen. — The Violation of our Coasts. — Outrages from Blockades. — Our Commerce to be sacrificed. — Trickery of the Hostile Government. — The Declaration of War. — Unpatriotic Conduct. — The Purposes of the War. — The Treaty of Peace. — The British Plan for Peace. — The Reciprocity Act of 1815. — Opposition in the House. — The Compulsory Measure. — Results of our Impolitic Step. — Convention to regulate Commerce and Navigation. — Articles I., II., III., IV., and V. — The Convention unconformable to Act. — (6) Table of Entrances at American Ports. — What this Table demonstrates . . . . .	161
--	-----

## CHAPTER XIII.

### NAVIGATION AND NON-INTERCOURSE BILLS. — ACT OF 1817.

Madison's Farewell Word upon Shipping. — Navigation Bills of 1816-17. — Petition to retaliate Impositions. — Speech of Cyrus King, of Massachusetts. — Relaxations of the British Navigation Act. — Tricks of the Plaster Trade. — Review of the Shipping Situation. — The Ruse of a Trader. — Senator Smith's Change of Mind. — Henry Clay on the Convention of 1815. — The Spirit of Sectionalism. — Results of the London Convention. — Importance of the Question. — Mr. Clay's Diplomatic Inexperience. — Our Feebleness in Statesmanship. — The Substitute voted down. — Consideration of Navigation Bill resumed. — "A Bill Concerning the Navigation of the United States." — Quoted in Full. — Objects of the Foregoing Act . . . . .	185
--	-----

## CONTENTS.

xi

### CHAPTER XIV.

#### BRITISH POLICY RESISTED. — NON-INTERCOURSE ACTS OF 1818-20.

Administration of James Monroe. — The Closing of our Ports. — An Act concerning Navigation, 1818. — Speech of James Barbour, of Virginia. — Our Object, the Opening of British Ports. — Isolated States Mere Footballs of Great Britain. — Advantages of our Closer Union. — Madison's Leadership acknowledged. — Faith in Perfect Reciprocity. — No Naval Power without Protected Shipping. — Extent of the Evils of British Monopoly. — Certain Success of the Measure. — Agriculture will help defend Commerce. — True Patriotism exalts Public Sentiment. — The Question of West India Supplies. — The Question of Supplies for British North America. — The Entrepôt Expedient. — Now or never to exact our Rights. — Efficient Measures must be Radical. — Speech of Rufus King. — The Rights of Nations opposed to Monopoly of Navigation. — Our Open System of Commerce. — The Point of Present Objection. — Importance of our Growth and Development. — Naval Power essential to Independence. — History of Intercourse with England. — William Pitt's Bill. — Lord Shelburne's Policy. — The Principle of Reciprocal Benefits. — Cunning of the British Policy. — The Barrenness of Treaties. — King's Conclusion and the Vote . . . . . 208

### CHAPTER XV.

#### EXTENSION OF RECIPROCITY BY ACTS AND CONVENTIONS.

Principle of our First Treaty of Commerce. — Improper Change of Principle. — Time of Reciprocity Convention extended. — Extracts from the President's Message, December, 1819. — The Supplementary Act of 1820. — Relation of the Marine to the Navy. — Good Effects of the Act of 1818. — Retaliatory Tonnage Duty on French Ships. — Thomas Newton's Speech. — Title of the Bill. — Origin of the Trans-Atlantic Sailing Packets. — Pioneering in Ocean Steam Navigation. — The Ocean Steamship Company. — The French Government makes Terms. — British Persistency matched at Last. — Memorials and Remonstrances. — Public Meetings favoring Persistency. — Our Experience in Fostering Shipping. — Captures of our Vessels. — A New Order of Things. — Our Early Credulity. — The British Government relaxes. — Our Act of 1823 responsive to British Act of 1822. — British Objections. — Huskisson's Act and Summary of Provisions. — This New Proposition a Fresh Dictation. — What the President thought of it. — How Fortune favored the British . . . . . 234

## CHAPTER XVI.

## THE SECOND, THIRD, AND LAST ACTS OF RECIPROCITY.

Continuance of the Reciprocity Policy. — Unwise Revival of First Act. — Provisions of the Bill of 1824. — An Olive Branch for England. — Extract from the Annual Message of 1825. — The Error of Adams's Argument. — Our Early Ship Protection. — The Reciprocity Bill of 1826. — Main Points of Senator Lloyd's Speech. — Lloyd's Sophistry confuted. — (7) Table of Tonnage and Carriage. — How the Reciprocity Act was received. — Inferiority of British Shipping explained. — An Unwarranted Conclusion. — Lloyd's Rosy Forecast of the Effects of the Bill. — The Colonial Trade Bill. — Final Passage of the Third Reciprocity Bill. — Text of the Act of 1828. — Woodbury on the Principles of the Act. — Woodbury's Wild Reasoning. — Final Opening of the West India Ports. — The Last Reciprocity Act. — Restoration of Colonial Interchange. — Results of our Experiment. — A Retrospective View . . . . . 254

## CHAPTER XVII.

## MARITIME RECIPROCITY IN THEORY AND PRACTICE.

Reciprocity in General. — Maritime Reciprocity. — Non-Protection. — President Monroe's Account of Reciprocity. — Disappointed Expectations. — Our British Reciprocity. — French Distrust of Reciprocity. — England presses France into Reciprocity. — Extension of Reciprocity in Six Years. — (8) Arrivals of Tonnage at American Ports. — Norway proposes Full Reciprocity. — The Question of Merit in Reciprocity. — Disadvantages of Full Reciprocity with England. — Why Navigation was put to Hazard. — Our Shipping Distressed. — Another Witness . . . . . 277

## CHAPTER XVIII.

## OUR SHIPPING EXPERIENCE UNDER OPPOSITE POLICIES.

Navigation Laws a Controlling Power. — (9) Table of Tonnage and Carriage in Foreign Trade, before and after Reciprocity Agreements. — Our Experience with Reciprocity. — The Gainers by our Loss of Carriage. — (10) Table of Proportionate Arrivals of American Tonnage. — (11) Table of Arrivals of Foreign and American Tonnage. — Our Hardest Rivals the British. — The Annulment of Conventions. — Slackness of our Government. — Impolicy of Continuing Ship Reciprocity. — Another Precedent . . . . . 290

CHAPTER XIX.

THE PRINCIPAL METHOD OF BRITISH SHIP PROTECTION.

Reciprocity repudiated. — A Rival's Craft. — Nature of Insurance Power. — State Insurance for Ship Protection. — Origin and Purpose of Lloyds Register. — Metal Ship Classification. — Force and Rigor of Lloyds Rules. — British Underwriting Policy. — Lloyds Warfare on Wooden Ships. — Results of Discrimination. — Facts about Iron *vs.* Wood — State Policy of the Iron Ship. — Power of Lloyds exemplified. — Lloyds Subtle Rule. — Foreign-built Ships (Wood). — Ill Consequence of these Regulations. — Our Remissness . . . . . 300

CHAPTER XX.

THE DEVIOUS WAYS OF BRITISH SHIP PROTECTION.

Condemnation of Reciprocity. — Illustration of Lloyds Protective Power. — (12) Tonnage sold Foreign. — Our Government Informed of Lloyds Impositions. — Lloyds Offer to suggest Persons for American Consuls. — Significance of Lloyds Letter. — About Consul Jones. — Interference of a Lloyds Agent. — Doings of a British Insurance Trust. — The Wheat Tariff Association. — Arbitrary Classification by Age. — The Injustice suffered. — Undeniable Evidence of Discrimination. — Insurance Discrimination, a Policy only. — Comparative Ship Performance. — American Superiority in Carriage. — Insurance Dependency and Its Evils. — The Regulation of Underwriting. — British Mercantile Discrimination. — Insurance on Wheat. — (A London Boycott). — Boycott of the Liverpool Corn Exchange. — Letter of Wm. H. C. Fowler. — Shipping Conference and Agreements. — The North Atlantic Conference and Other Rings. — British Shipping Federation. — Morganizing North Atlantic Traffic . . . . . 314

CHAPTER XXI.

THE OCEAN POST AND SHIP SUBSIDIES, BOUNTIES, AND GRATUITIES.

Ocean Mail Service. — The British Ocean Post. — A Wide-Awake Mercantile Interest. — French and Other Postal Lines. — British Naval Subvention. — First Protest of Non-protection. — Nimmo's Report on Maritime Reciprocity. — French Adoption of Bounty. — British Interest aroused. — British Consular Reports. — Origin and Character of our Subsidy System. — Extract from President Tyler's Message. — Progress reported by President Polk. — Our Different Mail Subsidy Acts. — Drifting Course of our Government. — Treasury Support to Foreign Mail Lines. — An American Ocean Post . 335

## CHAPTER XXII.

## UNCONSTITUTIONALITY AND INCOMPETENCY OF SUBSIDY FOR SHIPPING RESTORATION.

Proper Means of Ship Encouragement. — President McKinley's Last Words. — Constitutional Ship Protection. — Madison's Rule of Construction. — No Power whatever for Shipping Subsidies or Bounties. — Madison's Understanding of "Common Defense and General Welfare." — Wisdom of the Constitutional Way of Encouraging Navigation. — Impolicy of Treasury Aid to Navigation. — Special Incompetency of Subsidy. — Bounty Experience of France and Italy. — (13) Tonnage Tax paid by France and Italy. — (14) Percentage of Tonnage Tax paid by Countries. — Herr Ballin on German Shipping and Subsidies. — German Strength and British Weakness. — More Zeal than Knowledge . . . . . 351

## CHAPTER XXIII.

## THE DOCTRINE OF BOUNTIES ADVERSELY SETTLED BY CONGRESS.

The Fishery-Bill Debate of 1792. — First Section of the Senate Bill. — The Debate in Committee. — Individual Rights forbid Bounties. — A Drawback must not cloak a Bounty. — Views of Mr. Murray. — Mr. Goodhue in Reply. — New Mode of Calculating Drawback. — The Word "Bounty" the Stumbling Block. — Defects of Existing Law. — An Amendment that did not amend. — Unconstitutional Features of the Bill. — Adverse Provisions of the Constitution. — Sectional Nature of Bounties. — The True Question of the Bill. — A Safe and Proper Measure. — The Idea of Bounty disclaimed. — Madison's Clear Speech opposing Bounties. — A True Conception of the Constitution. — Meaning of "Common Defense and General Welfare." — Consequences of a False Interpretation. — Even worse Consequences. — Previous Opinion of the House opposed to Bounty Doctrine. — Protection by Duties cannot argue Protection by Bounties. — Bounties Subversive of the Constitution. — Proper Amendment indicated. — British Interest in the Failure of our Fisheries. — Argument against the Drawback System. — Amendment and Passage of the Bill. — Continuance of the Fishery Act. — Report of Special Committee, 1803 . . . . . 367

## CHAPTER XXIV.

## THE SIZE AND COST OF A MARINE UNDER SUBSIDY.

A Scheme without an Estimate. — Calculation of Cost. — The "Hanna-Payne" Bill illustrated. — Table (15). — Basis of the Hanna-Payne



## CONTENTS.

xv

Bill. — Rate of "Compensation" and its Annual Amount. — A Temporizing Policy hurtful. — Chief Feature of the "Frye" Bill. — Provisions of the Second or Pending "Frye" Bill. — II. The General Subsidy. — The Fishing Subsidy. — Partiality of the First "Frye" Bill. — Size of Marine that might have been realized. — A Paradoxical Argument. — (16) Proportionate Division of Nine Million Dollars. — Practical Effect of Prorating. — (17) Cost of Marines of Different Sizes. — Sophistries of Subsidy. — Cost of Ships. — A True Course exemplified. — Expense of Crews. — Gen- eral Subsidy Arguments. — (18) Comparative Cost of running Steamers. — Seemingly Impressive Statements. — Difference in Footing no Argument for Subsidy. — Correction of Foreign Trade. — Outlook for increasing our Transportation. — Threadbare Story of Cheap Foreign Ships . . . . .	389
---	-----

## CHAPTER XXV.

### THE FRAMERS OF THE CONSTITUTION ON REGULATING OUR TRADE.

Unanimity of Sentiment. — Pinckney's Two Thirds Proposition. — Rea- sons for Restrictions. — The Opposition developed. — What a Statesman could see. — An Extreme View. — The Common Sense View. — Pinckney's Proposition defeated . . . . .	407
---	-----

## CHAPTER XXVI.

### THE TRUE SHIPPING POLICY AND THE PUBLIC VIEW.

Recent Shipping Movements. — Sections of the Wilson Tariff. — Speech of Senator Wm. P. Frye. — Indorsement of Conventions. — Discriminating Duty Bills. — The Elkins Shipping Bill. — The United States the Leading Maritime Nation. — British Opposition. — Mistake of Reciprocity. — Results of Opposite Policies. — Disad- vantages of our Position. — Reasons for Encouragement. — Impor- tant British Testimony. — Commercial Treaties with Other Coun- tries. — Foreign Unfaithfulness. — Money paid Foreigners for Freights. — Folly of using Rival Shipping. — The Subsidy Cure. — Free Ships. — Free Ships destructive of Shipbuilding. — Senator Elkins's Peroration. — Our Bitter Disappointment . . . . .	414
---	-----

## CHAPTER XXVII.

### THE POLICY AND MEASURES FOR SHIPPING RESTORATION.

Equitable International Intercourse. — Present Modes of Intercourse Unsatisfactory. — Correction of our Mistaken Course. — Influence of Preference. — Measures requisite for Import Employment. — Rea-
--

sons for these Regulations. — Measures requisite for Export Employment. — Comments on Foregoing Regulations. — Mail and Passenger Measures. — Foreign Ship Protections. — Present British Ship-Protection. — The "Treaty" Hindrance. — Now under a False Policy. — Ships of our Flag should enjoy their Right. — Legal Power of Congress should be exercised . . . . .	431
APPENDIX . . . . .	445
INDEX . . . . .	451

# AMERICAN NAVIGATION.

---

## CHAPTER I.

### THE NATIONAL NEED OF SHIPPING OF OUR OWN.

*Appreciation of Navigation.* Nature has blessed in high degree every people whose lands bound the main, whose rivers and harbors along the coast furnish sites for towns and cities. The ocean itself, as a medium of intercourse, offers to maritime nations a grand theatre of activity and achievement. This fact is well understood in the countries of Europe. In the United States, however, so vast is our territory, so many the questions pressing for public attention, so little the time that can be given to special subjects, it is not strange that appreciation of shipping and of navigation is not general or striking. It was different in our early history, when but four lines of industry — agriculture, manufactures, commerce, and navigation — comprised the occupations of the people. Then our States all touched the ocean or lay along navigable rivers; and vessels, with their appearance of life, were the marvels of young and old. Then our commerce was mostly all sea-borne. To talk of trade was to think of navigation, of shipping, and of shipbuilding. There was a general and proper appreciation of maritime pursuits. Now the most of our people live hundreds — some even thousands — of miles from salt water; their nautical views are limited to prints and pictures; no part of their work has to do with the sea, and about ships they seldom have occasion to think. Some of these good citizens represent their district or their State in the National Legislature, which has met and adjourned repeatedly without attempting any improvement of the carrying trade.

It is not strange, therefore, that unacquaintance with naviga-

tion has found reflection in our history, and that the Government lingers on the way to its rescue. While shipping continued to fill a place in the public mind, our Government gave attention to its needs. Our foreign carrying trade was encouraged; our shipping and commercial power was developed; naturally our wealth augmented and our independence gained security. After a time, new circumstances intervening, a *new policy* gradually took the place of the old; through the change, encouragement to navigation ceased, our carrying began to decline, continued adversity brought ruin, and for forty years our Government has looked on with little concern. Legislation, it is true, has been meditated, and several times attempted in the past thirty years, but governmental action is still in the future. Meanwhile our shipping impotency has become chronic. It will never cure itself. The only hope is in the spread of information, and the consequent creation of sentiment to the effect that foreign engrossment of our carrying trade must cease.

*Seventy Years' Congressional Neglect.* Under the change of policy mentioned, while our foreign transportation has been falling off in percentage, in our own commerce, for seventy years, Congress has done absolutely nothing to check or prevent its extinguishment. Beginning with 20 per cent. or less of proportionate carriage in 1789, in a few years our vessels were carrying from 80 to 90 per cent. of our exports and imports, the culmination occurring in 1826, when the figures stood, for exports, 89.6 per cent.; for imports, 95 per cent. By 1861 — a period of thirty-five years — export carriage had fallen to 72.1 per cent.; import carriage to 60 per cent. By the close of the war the figures were down to 26.1 and 29.9 per cent. for export and import carriage, respectively. For 1901 the proportion stood at 6.13 per cent. for export carriage, and 11.99 per cent. for import. Once, American shipping did three fourths of our transportation with Europe. In 1900, a treasury officer thus reports: —

“In the trade between the United States and Europe this year, not one American merchant vessel went or came from Germany, Russia, Sweden and Norway, Denmark, the Netherlands, Italy, Austria, Hungary, Greece, or Turkey.

"Two small American vessels came to the United States from France, one in ballast. One American sailing vessel came from Belgium in ballast, and one American vessel cleared for Spain. There cleared for or entered from the United Kingdom eleven American sailing vessels, and two small steam vessels went to the United Kingdom in ballast. The American flag was never before such a rarity on the North Atlantic between the United States and Europe. The mail steamships St. Louis, St. Paul, and New York were practically all we had last year on the North Atlantic."

What a meagre and inglorious record is this for a great maritime nation whose annual exportation of its own products amounts to a billion and a half dollars, and whose imports of merchandise have the value of eight hundred millions.

*False Economic Philosophy.* One reason for non-appreciation and neglect of Navigation may be found in erroneous conceptions of the relative importance of vocations to the public weal. This may be illustrated from Congressional debates. In 1790, the merchants of Portsmouth, N. H., petitioned Congress to increase the tonnage duty on foreign vessels. Resolutions of compliance were introduced: —

"Mr. Sherman, of Connecticut, observed, that the resolutions had in view two objects; one to encourage the carrying trade, the other to encourage shipbuilding. For the first, he thought it would be expedient to lay the same impositions on foreigners coming into the ports of the United States as were laid on citizens of the United States going into foreign ports. Encouraging the carrying trade, in his opinion, would operate as an encouragement to *shipbuilding*, because owning American-built ships should be an object to foreigners who traded with the United States, since thereby they would make a considerable saving in the tonnage — the resolutions proposing to add no additional tonnage duty on American-built ships, though owned by foreigners."

"Mr. Williamson, of North Carolina, said: . . . By permitting foreigners to carry our produce for us in order to pay for the fine goods they furnish us, we have to raise more from the soil by *one third* than if we carried it ourselves. The exports

from some States consist of bulky articles ; and the transportation of lumber to the West Indies in foreign bottoms consumes *half* of the cargo. It is *usual* for a man to fill a vessel with lumber, and then give *one half* for the carrying of the other ; so that one half of the property goes out of the country never to return. In particular, too, with regard to tobacco ; the value of a hogshead was about twenty-five dollars, the freight to Europe eight dollars, so that the freight was very near *one third*.

. . . “ When it was considered what a prodigious proportion of our produce went irrecoverably into the hands of foreigners, by their being our carriers, it was highly necessary to take some measures to counteract such abuse.”

“ Mr. Jackson, of Georgia, thought what we had already done on the principle of encouragement was sufficient. He read paragraphs from newspapers, that ‘ a vessel is now building at Boston of 900 tons ; one at Salem of 1100 ; and 22 at Philadelphia of upwards of 250 tons each.’

. . . “ He observed that the arguments of the gentleman from North Carolina seemed to be the keeping the carrying trade within ourselves. Sir, it is *a doubt with me*, if the carrying trade is beneficial to the United States ; if it enriches individuals, it certainly does not the community. Writers on trade divide it into three branches ; the home or coasting trade, which is allowed to be the most beneficial to the nation ; the foreign trade, which is next beneficial ; and the carrying trade, which is *not at all* beneficial, unless it be as a nursery for *seamen* — directly opposite to the sentiments of the gentleman. The carrying trade is therefore very beneficial to countries dependent on their navies ; it is said to be particularly so to Great Britain. But, sir, is our interest the same with the interest of that nation ? Does our national importance, and even our very security depend, as hers does, on the strength of her fleets ? If invaded, shall we look to a navy for protection ? No, sir, to the agricultural interest — to the hardy sons of the West — to the American yeomanry we shall appeal, and we shall there find support. The carrying trade is of *no great consequence to us*, nor is it to many other countries ; it is taking a productive capital from the nation it belongs to, to be employed in the service and carrying the

surplus produce of other countries. The most celebrated writers have declared, even in Great Britain, that the coal trade from New Castle to London is the most beneficial that the nation is concerned in." . . .

Mr. Jackson looked at things American from the other side of the Atlantic. Foreign conceits were as science to him. Home experience counted for nothing. What was valuable to Great Britain could be of no use to us. A catchpenny cheapness with dependence would serve our turn well enough. But he stood alone. The existence of the Union and the Constitution; the legislation of nearly all the States after the peace; the views of our wisest public men; the very first Acts of Congress — scores of facts and the sagacity of many minds — supported the side of Mr. Williamson. The events of the Revolution, and of the period of peace leading up to the adoption of the Constitution, were highly educative of the American mind. On the importance of the carrying trade scarcely two opinions obtained. When the question of the Constitution was before the country an able statesman of South Carolina voiced the public sentiment in the following words: —

"A great part of the riches gained and revenue raised by England, through the monopoly of our trade, may be saved to these States, by our becoming our own merchants and carriers."

At a later day, Daniel Webster declared that, —

"Maritime defense, *commercial regulations*, and national revenue were laid at the foundation of our national compact. They are its leading principles and *causes* of its existence. They were *primary* considerations, not only with the convention which framed the Constitution, but also with the people when they adopted it. They were the objects, and the only important objects, to which the States were confessedly incompetent. To effect these by the means of the National Government was the constant, the exhaustless topic of those who favored the adoption of the Constitution."

*Anti-Monopoly of Sea-Carriage.* It is one of the lessons of history, that the nations that have taken the lead in commerce and navigation have developed a power of controlling the fortunes of others. The following observation of Sir Walter Raleigh was grounded on this fact: —

“Whosoever commands the sea commands the trade ; whosoever commands the trade of the world commands the riches of the world, and consequently the world itself.”

The early command of the sea began on a small scale, the extent of trade being limited ; but large or small, force has often been employed, either to capture traffic or to maintain it. Trade and piracy have flourished together, necessitating navies in proportion to commerce. The history of sea-power, as it has concentrated at various times, is largely a military record, aggressive, cruel, and bloody. At the present time, the command of the sea begins with the control of *shipbuilding* ; takes root with sure ascendancy in *shipowning* ; branches out with supremacy in *underwriting power*, and is perfected in strength by *mercantile advantage* and consequent financial rule. Add to these instrumentalities such a navy as that of Great-Britain, and the rule of the world in touch with salt water seems complete, in so far as men, money, and might are involved.

*The Balancing of Sea-Power.* The free commerce of the world has become too important to universal advancement to be abandoned to the monopoly of any single nation or group of nations. The tendency of monopoly is always to the abuse of power. No despotism could be so bad as that of the sea, since it must affect more of mankind than any other. Wars and conquest are poison to civilization ; wars and conquest have been too much the business of nations ambitious of ruling the Seas. It is self-evident that universal advancement requires, between maritime states, a commensurate growth and a fair balancing of marine and naval power. A monopoly of shipbuilding and navigation, of commerce and sea-carriage, with inordinate naval preparation, cannot but threaten the peace of the world. Ocean commerce should be secured to the least of seaboard States, and every flag fly in safety in its country's commerce.

The permanent peace of the world would be best secured by the equitable principle of every nation attaining and holding *its rightful place* upon the sea, carrying its due share of commerce, content to see its neighbors so carry theirs. Of late the wiser of the European Governments have brought this principle into view, and have taken such steps as seemed adapted to hold



or to recover their rights — to carry for themselves, and to enjoy the gains thereof. Our own Government, however, having slept upon its post for so many years, has yet to be aroused to the performance of this duty. The events of the late war with Spain should have opened its eyes to national needs, but, building none, it still buys or hires foreign steamers for the transport of its troops to and from our distant possessions, while the late wonderful increase of our foreign trade — *carried in foreign vessels* — diverts and entertains the public mind. Even the commerce with the Philippine Islands, being a branch of our domestic carrying trade, has been treated as foreign trade open to foreign vessels, and will be until 1904.

*Ruin Due to Change of Policy.* If our early policy had been continued, our navigation would have kept pace with our commerce. But we had competitors who hated that policy and strove for a change in their own interest. In 1815, yielding to the wishes of Great Britain, our Government began a deviation from our true course, to take our own way in exercising our right, to encourage our navigation, thereby to maintain a marine of our own, and consented to a false course of binding ourselves to indifference, giving British subjects a better chance to cut our people out of trade, to undermine our merchants, and to overthrow our power at sea. While we had been free to cherish navigation, and had attended to its needs, foreign shipping and alien merchants could not monopolize our transportation and our trade. But they got their chance and improved it. One surrender makes way for another. From time to time we veered and tacked, changing course to please some nation, never returning to the true one, until, in 1828, Congress, by a final act, completely reversed our early policy, laid down the present one, and took leave of the American ship.

Our Government practically said to the world, "Ours is a carrying trade that any nation can have — let who will come and take it." And they have all come, and carried away. In view now of our national needs, it is clear that a serious mistake was made in 1815, in 1824, and in 1828. "Reciprocal liberty of commerce" is, *for us*, nothing but an illusion of a liberal mind innocent of "the tricks of trade." We need to get back our

carrying trade. How rightly to accomplish this work is a pressing question. Our original policy still obtains as to shipbuilding and the domestic carrying trade. Congress did not sacrifice these great interests. Only our carrying to and from foreign countries — the business wanted by our rivals — has been blasted and destroyed. To say that the cunning diplomacy which has effected this disaster shall stand is to say that an American marine shall never exist, for what will kill cannot bring to life.

We have the right, the duty, and the power, to resume our liberty and to put in force our former policy. It is demonstrable now, that foreign systems of ship protection, foreign combinations of shipowners and underwriters, and impositions of all sorts, for the prevention of employment of American shipping, make *regulations of our commerce* for securing its employment absolutely necessary and essential. All other remedies will be found without restorative principle, powerless or unconstitutional. Only suitable and vigorous treatment can be successful. Strenuous foreign opposition may be expected to attend our endeavor, be our measures what they may. On the other hand, every interference of our rivals must be withstood, for we *must* have a marine of our own for our own work. "Will the rewards repay the hazard and the toil?"

*Advantages and Benefits of Maritime Pursuits.* A statement of the principal reasons why the American people, now eighty millions, rich and powerful, should carry on their own commerce and navigation, do their own shipbuilding, underwriting, and banking, and pursue as they may see fit every business, trade, or calling, related to the sea, has never been presented, connectedly, in any writing heretofore published. It will be in place here, since in the public mind these reasons must lie at the threshold of the shipping question. For easy comprehension they may be grouped under five general heads. These are: 1. The Industrial. 2. The Commercial. 3. The Financial. 4. The Political, and, 5. Military Interests, of the United States — every reason rooted in national good, nothing urged on the score of private interest.

## CHAPTER II.

### THE NATIONAL OBJECTS OF A WISE SHIPPING POLICY.

#### 1. THE INDUSTRIAL INTEREST.

THE first and principal want of a civilized community is opportunity for industry and enterprise, for employment and business. If we search, where shall we find to-day, belonging to ourselves by right, trades, occupations, and careers that would be more congenial, honorable, and profitable than shipbuilding, navigation, and commerce with foreign countries? These three grand divisions of enterprise embrace a host of pursuits, all of them worthy of cultivation, many of them suited well to the genius of our people. Carried on commensurate with present needs, their value may be estimated as follows:—

Shipbuilding, next ten years, 7,000,000 tons potential, <sup>1</sup> amounting to . . . . .	\$245,000,000
Shipbuilding afterward, yearly . . . . .	35,000,000
Transporting, yearly . . . . .	170,000,000
Trading, banking, and insurance, yearly . . . . .	1,300,000,000
Total business value, yearly . . . . .	\$1,505,000,000

And our commerce doubles in fifteen years, while shipbuilding, carrying, and trading increase commensurately.

In these important branches of industry at least *five* per cent. of our population could find support. At the present, we are carrying about *eight* per cent. of the value of our foreign commerce — with Europe alone, *two and a half* per cent. — and of our exports, only *seven* per cent. Our participation in the shipbuilding, and in the trading, underwriting, and banking involved, is correspondingly low. We are getting not to exceed *forty* millions a year out of fifteen hundred millions within our

<sup>1</sup> This is an expression for the unit of combined sail and steam.

rights, if not easily within our reach. Of late we have seen our possessions greatly extended, large armies raised, and fleets sent abroad to subdue and hold the territory we have gained; but a century may roll around before our people can work up a commerce with the new lands worth a tithe of what we should soon secure were we to make good the motto: "American ships for American commerce;" for this means also, "American trade for American merchants." There is no question about the constitutionality of expansion seaward. There is no sacrifice of life, or waste of money involved. Why, we may take all our outlying domain, and we shall never realize as much business opportunity from it as we should secure from reclaiming the conduct of our commerce, with its carriage, its ship-building, and the underwriting and banking belonging thereto. Verily, the country needs another MADISON in the House of Representatives to touch the unburied corpse of American Navigation and cause it to live again.

*The Sea as a Reservation.* It has been a policy of Congress to set aside "reservations" for the Indians, and to prevent our own people from settling on such lands. When a reservation is opened, however, there is a rush for "homes," restraint having caused an uncommon demand. But we may have reservations at sea as well as ashore. So long as Congress encouraged navigation the sea was open to various pursuits, while connected trades were followed on shore. Of late, however, our people have, virtually, been shut out from the sea and the shore, as far as foreign trade is concerned. They can engage in the "domestic" trade, as that is still protected by law, foreign vessels being excluded from it; but in the trade with foreign countries both labor and capital suffer restraint. The policy of our Government has set up a "*reservation*" for foreigners — rivals at the best, enemies upon occasion. Our labor and capital that would exploit the ocean could hardly be made worse off by an embargo. There must be rightful and adequate encouragement to the employment of American shipping before our young men can have a call to the sea; to the many trades involved in ship-building; to become shipmasters or engineers; or to begin a career as merchants, underwriters, or bankers, in connection

with their country's commerce. In consequence of giving up the sea to foreigners, we present to-day a ridiculous situation, — a maritime country, populous and rich, without a tithe of true maritime power, almost no marine for foreign commerce, and a small navy that we cannot man with native seamen, either in the engine-room or at the guns.

*Our Inherent Rights.* Our rights and interests upon the ocean are guaranteed by the Constitution, in the clause giving power to "regulate" our commerce. It was intended this power should secure to the people of the United States the advantages, employments, and enterprises of the sea, of the carrying trade, of shipbuilding, and of commerce, forever. The use of this power, so essential to our independence and prosperity, has been abandoned. No other power has been thus laid aside to the disadvantage of the people; and this is the only one whose operation ever did, or ever will, create and maintain a marine of our own. Our progress is now actually barred by the want of such a marine and merchants of our own people to give it employment.

## 2. THE COMMERCIAL INTEREST.

We have now a growing foreign trade with employment for shipping next in extent to Great Britain. The value of her imports and exports combined is greater than that of any other nation. Our territory, population, and resources admit of greater increase of commerce than she can effect or ever equal. When we shall have surpassed her, in commerce, then our need for ships and merchants will exceed that of any other nation in the world. That day is fast coming, but will arrive the sooner, if the ships and the merchants to employ them shall become our own without delay. For two hundred and fifty years, the British have aimed to engross the ocean carrying trade, *as a means of extending their commerce*. To this end, our own commerce and that of other countries and communities have been carried and controlled, directed or restricted, as British interest has dictated. The larger our marine, the more profitable will be our commerce, and the greater our influence in the world.

*Shipping Required.* The requirements of British commerce last year were extraordinary, — about twelve million seven hundred thousand tons potential; but they had over thirty-two millions employed, — in their own foreign trade and that of other nations. The need of American commerce is now about seven millions of tons potential, while we have but little over half a million constantly employed in foreign trade. There are eighty-nine countries and communities taking part in the world's commerce, and contributing to its exports and imports. The Bureau Veritas, for 1900–1901, gives a list of fifty-one countries and their vessels, aggregating nearly thirty millions of tons, steam and sail, as comprising the "World's Merchant Marine." In the commerce of the United States in 1901 the vessels of twenty-eight different flags paid tonnage tax amounting to \$903,138, as carriers in our foreign trade. In 1899, the potential tonnage of the world, as given by Bureau Veritas, amounted to 62,068,253 tons. The potential tonnage of the British marine amounted to 32,096,448 tons, which, in proportion to the amount of the world, was 51.71 per cent., leaving 48.29 per cent. for the *fifty* other countries whose flags are borne upon the sea, while there are thirty-eight countries or communities whose flags are never floated in the carriage of their commerce. The seven nations having the largest commerce, and the least shipping of their own to carry it, are the United States, British India, Russia, Brazil, Argentina, Egypt, and Mexico. The average monthly exports of these countries aggregate \$222,799,220; the average monthly imports, \$146,975,480. More than half this commerce is our own, and 96 per cent. of it is carried by foreign vessels.

*The Great Shipping Nations.* The nations of the world having tonnage in foreign trade beyond their own needs are seven in number, viz.: Norway, Great Britain, Greece, Spain, Sweden, Denmark, and Japan. The requirement in 1896 of these seven nations was only upwards of *twelve* million tons potential, but they had employed over thirty-three and a half millions, or an excess of twenty-one and a half — last year probably three millions more. The commerce per capita of these notable carrying nations averages in value about \$42,

while that of the United States, until within a year or two, has ranged below \$30 — in 1901, \$31. Facts like these teach us that, if we would have commerce, we must have *shipping*, and this must be *our own*. How well our early statesmen knew the order of things, for the sure growth of trade, will appear from a speech of Mr. Nicholas, of Virginia, in the House of Representatives, 1794, the topic being “American Commerce.”

*Speech of Mr. Nicholas.* “In considering the importance of navigation to all countries, but especially to such as have so extensive a production of bulky articles as America, I think I shall show that the interest of the whole community, not those only who furnish the objects of carriage, positively demand a *domestic marine* equal to its whole business; and that, even if it is to exist under rates higher than those of foreign navigation, it is to be *preferred*. In circumstances of tolerable equality, that can never be the case; for in the carriage of the produce of one country, by the shipping of another, to any other place than the country to which the shipping belongs, there is considerable more labor employed than would have been by domestic shipping, as the return to their own country is to be included. . . . A dependence on the shipping of another country tends to establish a place of *deposit* in that country of those exports which are for the use of others, if it is at a convenient distance from them. . . . The attainment of wealth beyond the demands of navigation leads to an interest *in the cargo itself*, and then the agency in selling to the consumer becomes important. It is apparent that, as the final sale depends on the wants of the purchaser, all intermediate expenses of care and agency must be taken from the price to which the maker would be entitled. Our own commerce has involved this loss in a remarkable degree, and it has gone to an enormous extent, from a necessity of submitting to the perfidy of agents.

“That there is this tendency in the employment of foreign shipping is not only proved by the commercial importance of Holland, which became thus, from her carrying trade, the storehouse of Europe, without furnishing anything from her own productions, but also from the varied experience of America. Before the Revolution everything for European consumption

was carried to Great Britain, but since America has possessed shipping of her own, and in the Northern States there has been an accession of capital, the export to England is reduced one half. It is true, indeed, that there is still nearly one half of what she receives that is reëxported, but it will be found that she still retains a proportional share of those influences which existed when she carried the whole. . . .

“If there wanted other proof of the British interest in the American navigation being supported *in direct opposition to our interests*, it may be found in the comparative state of the tonnage employed, where it appears that, after the protecting duties once had their effect, the additional tonnage, to a considerable amount, has been entirely American, and that the British tonnage has remained nearly stationary, and in proportion to their undue influence.

“In time of war, in addition to the inconveniences before stated, which are enhanced by throwing the trade from its accustomed channel, there are great and important losses brought on a country by this kind of *dependence*. If your carriers are parties to the war, you are subjected to the *war freight*, and *war insurance* on your cargo, and you are cut off from all markets to which they are hostile, and, indeed, from our experience in the present war, I may say you are cut off from the market of your carriers themselves. . . . To what extent this loss goes may be seen from a calculation of the Secretary of State’s “Report on the Fisheries,” making the proportion of war to peace in the one hundred years as forty-two to one hundred; and on that calculation there can be no hesitation in determining that the interest of the farmers requires that this foreign dependence should end here.”

And our early policy did end the dependence thus deprecated. For seventy years the effect of that policy was beneficially felt, especially in balancing our commerce with the world. The seven nations already named, as carriers of commerce for others than themselves, have an average annual adverse balance of *trade* aggregating about \$800,000,000. Great as this sum is, their carrying trade easily pays it off. Not one of them, without their excess of shipping and of carriage, could undertake or



long carry on their present excessive importation. Under our early policy we had a similar experience. Then we had to procure, and therefore purchased more than we sold; but now we could not do this — now we must sell much more than we buy, in order to pay our transportation *tribute*. While our importing power has always been large, independent of the carrying trade, we have arrived at a point, through the development of manufactures, where, if we enjoyed our proper share of carriage, no nation on earth would have so good a prospect for general prosperity and financial stability. It all depends upon the rightful protection of our Constitution being extended permanently to the trades and occupations of the sea.

### 3. THE FINANCIAL INTEREST.

In 1881, after the French had passed their shipping bounty bill, Prince Bismarck laid a memorial relative to this law before the German Parliament. In this characteristic document occurs the following: —

“There is a desire (among the French) to prevent any diminution of the 400 to 500 million francs profit on freights which the transport trade of the French merchant service annually yields, and Ministers point to the example of England, which, with a shipping of eight million tons and with a profit from freight of about two thousand millions, can look calmly at the deficits in the trade balance.”

Both the French and British have yearly adverse balances of trade, that is, of imports in excess of exports. In the average year of 1896 that of France was \$63,883,000. Against this debit, the income from shipping was, approximately, \$60,000,000. The same year the British adverse balance was \$707,680,000,<sup>1</sup> while the credit from the carrying trade was about \$641,250,000. Thus, in either case, but little credit additional was needed from sources other than shipping to balance favorably the *commerce* of these two great nations with the world in the year mentioned. Neither of these carefully governed countries has ever had, like the United States, recurring *gold exportation* panics, which are created, not from currency diffi-

<sup>1</sup> Last year the adverse balance reached \$883,000,000.

culties, but by the necessity of shipping *money abroad* to balance an excess of imports plus foreign transportation over exports. Their carrying trade makes both of them "creditor" nations — the British to a masterful degree. No wonder France struggles hard to maintain her marine, or that Italy follows suit, both nations taxing their people for bounties for building and running vessels, such measures being practicable under their forms of government. Under Bismarck, the new empire of Germany lost no time in adopting a shipping policy which should secure a favorable balancing of commerce, believing, as he did, with *Alexander Hamilton*, that "to preserve the balance of trade in favor of a nation ought to be a leading aim of its policy." Bounties for the general marine were considered unsuitable, but the plan was adopted of heavily subsidizing special steamship services to distant colonies, and to chosen countries in which German trade could be worked up. As a consequence, a few corporations of immense capital command German transportation the world over, — in fact, monopolize it now, — as did the "Hanseatic League" when the commerce of London itself was a German privilege.

*Our own Experience in balancing Commerce.* What has been the trade-balancing experience of the United States? Let us survey our own field with the glasses of history. Before the Revolution, the colonies were a part of the British empire; British merchants had control of our trade, and they made it pay, it being mostly on the basis of *barter*. Very little money was ever left in the country, and by this policy prices ruled low for all our productions, including labor itself. The statistics showed imports always in excess of exports, with small American participation in carriage. Of course, Britain was getting to own the country. However, one colonial resource did not appear in print; this was shipbuilding. We learn from a speech of Mr. Madison, 1794, that "in the marine of the British empire, whilst the United States was a part of it, the American-built ships were to the British-built as twenty-three to forty (or thirty-seven per cent. of the whole). New England shipyards turned out about three fifths of the former." Just before the Revolution, the principal part of America was served by large

trading companies, composed of people in England. The factors of these concerns were said to have sunk large sums of money in the hands of the farmers, to attach them to their respective stores. Any general competition was thus precluded in the retail business, and a dependence on those stores for supplies was completely established, the community paying roundly therefor in the end. After the Revolution, the business was conducted by persons in the habit of dependence on England, who sent thither for goods, and who had little other capital than the credit thence obtained.

*Evils of Foreign Credit.* In 1794, Mr. Findley, a Representative from Pennsylvania, thus referred to the credit system then in vogue:—

“The gentleman from South Carolina and others considered the credit to which our merchants are admitted in Britain as more than equivalent to the restrictions we are subjected to by that nation. It is urged that the extensive use we are admitted to make of British capital ought to have great weight in our estimates of the comparative advantage of our commerce with Britain. I beg leave totally to differ with those gentlemen in opinion; I consider the extensive use made by our merchants of British credit as a very great *political evil*; it promotes an *unfavorable balance of trade*, by enabling our merchants to import goods in greater abundance than we need; consequently, our industry, especially in domestic manufactures, is discouraged, and luxury is promoted. It is an old observation, that the borrower is a servant to the lender. The consequence of the British credit so much boasted of is, that our merchants are many millions in debt to the manufacturers or merchants of Great Britain; our storekeepers are in proportion indebted to the merchants, and country people are indebted to the storekeepers for such manufactures as they could have lived well without, and which many of them were not able to pay for. Thus, credit, while it enriches a few individuals, occasions a ruinous system of debts and bankruptcies to pervade our country, from the cities to the remote boundaries.

“But a greater evil presents itself. This credit promotes a system of British *influence*, dangerous to our political security.

The merchant who depends upon British credit is necessarily under the influence of the hand that feeds him ; the storekeeper is in debt to the merchant and subject to his influence. And such storekeepers abounding, not only in all the small towns, but in every place of public resort, consequently this British credit is a source of British influence spread through the whole United States. Since Congress met I have been industrious to procure information on this subject. Before the meeting, I knew that the country people expected the regulations<sup>1</sup> now under discussion with anxiety, and I know now that the merchants, who were able to carry on business without the aid of British credit, were very generally in favor of commercial restrictions ; and that those who were not in that situation were generally against them ; these different principles arose from their respective situations."

*Historical Chart of Trade Balancing.* A trade chart carefully prepared is inserted in the appendix, to illustrate commercial science on this subject. It is headed, "Our Experience in Navigation and the Balancing of Foreign Commerce," showing in every year from 1790 to 1896, the gain from using our own shipping, and the loss from employing foreign, for the carriage of our commerce with foreign countries. Concerning the principle of trade balancing, a few words here may be of use.

Shipless trading nations or communities are constantly in foreign debt, and often in financial straits. Exports and imports may balance, nevertheless the debt may grow and create untoward conditions. This could not be the case, if the balancing of trade were the balancing of commerce. The explanation is this : Commerce consists of *transportation* as well as trade. The charge for freight follows the cargo ; it is a virtual export, or import, as the case may be. By our own ship going abroad, it increases our credit there. By our own vessel coming home, it saves debt here. Thus, transportation must needs be balanced, as well as trade ; either by trade itself, by transportation, or by exports or imports of precious metals, securities, or investments. Where each of two nations does an equal share of the transportation between them, a balancing of imports and exports may

<sup>1</sup> To increase the tonnage duties on foreign vessels.

not be misleading, otherwise it is surely so. While we carried in excess of *half* of our commerce, our statisticians got into the habit of setting forth our "balance of *trade*" as an expression of our financial relations *to the world*. But all statements of the balance of trade since the Civil War, our carriage being less than half and down to less than *a tenth* of our commerce, have been illusive and deceptive. Where alien merchants, underwriters, and bankers, as well as foreign vessels, are employed in a nation's commerce, *as now in ours*, only a very large excess of exports over imports can, or will, prevent an adverse balance of *commerce*. For instance, the once boasted and large balance of trade, in 1892, was almost dissipated in balancing commerce for that year. For a few years our "trade" balances have been very large, but the London "Times" declares we are yet a "debtor" nation, the evidence being the large exports of gold in 1901.

*What the Chart reveals.* From our chart it appears that our commerce began with adverse balances from the want of shipping. The first favorable balance of *commerce* occurred in 1793, of sixty-six cents per capita, our trade balance being adverse by \$1.18, but transportation favorable by \$1.84 per capita. Our first favorable balance of *transportation* occurred in 1791, to the extent of twenty-five cents per capita, but that year trade had an adverse excess of \$2.51. The case was similar in 1792. The first favorable balance of *trade* did not happen until 1811, induced by contraction of credit in view of war with England. That year commerce showed a favorable balance of \$3.68 per capita. In 1799, our "commerce" had the largest favorable balance per capita that it ever had, viz.: \$4.80, *converted* from an adverse excess of trade of eight cents, by a favorable balance of transportation of \$4.88. Our greatest excess of transportation per capita occurred in 1807, viz.: \$6.90. In that year our exports were \$16.25 per capita, and our imports \$20.78, with a commerce balance of \$2.37, thanks to our preponderance of transportation, the share carried being, for exports, ninety per cent., and for imports, ninety-four per cent. For a thirteen-year period preceding, our exports had averaged per capita, \$14.07; our imports, \$16.37; our average adverse

excess of trade, \$2.30 ; our favorable balance of commerce for the period, being \$2.46, because of an average excess of transportation of \$5.24.

Down to 1874, our balances of "trade," with few exceptions, were adverse. Our "commerce," as already said, began with adverse balances, foreigners, then as now, largely controlling and carrying it ; but our regulations soon caused preponderance of American carriage, and changed balances from adverse to favorable down to 1861. Of twenty-one adverse balances of "trade" down to 1811, sixteen were converted into favorable for *commerce*. In the period while our carriage preponderated, — 1791 to 1861, — we had fifty-nine adverse balances of trade, of which number forty-seven were converted into favorable balances of commerce. When our shipping failed to do this, it was owing to a state of war, to tariff changes, or low duties. Even when unconverted, adverse balances were minimized. The adverse and favorable balances of commerce in the seventy-one year period sum up to \$419,701,656 ; and to \$807,481,210, respectively, or, as *one to two*.

*The Payment of Balances.* For the last forty years the balances of transportation have all been adverse, reversing completely the situation in the seventy-one year period above considered. The table ends with 1896. From 1862 to 1896 we had twenty-five favorable balances of "trade," but nine of these were converted to adverse, reducing our favorable balances of "commerce" to sixteen, as against twenty-four for foreign benefit, in spite of ample exports, and of the tariff that has prevailed. Upon the "trade" of the period of 1862–1896, inclusive, we had a favorable balance of \$1,203,945,992. This was converted into an adverse balance of "commerce" of \$1,674,572,921 by the preponderating and adverse transportation, which aggregated \$2,878,518,913. How was this adverse balance of commerce paid ? We find in statistics of the movement in gold and silver coin and bullion, for thirty-three years prior to 1896, there was a net export of precious metals to the amount of \$1,366,755,000 toward its payment — a waste of wealth at once perfectly needless, absolutely dangerous, and ruinously exhausting. From 1886 to 1896, inclusive, only two favorable

balances of "commerce" occurred, though in the eleven years we had eight favorable, but illusive balances of "trade." What followed? In 1891, great exports of gold. In 1893, *greater* exports of gold, with *panic*. In 1894, with tariff reduction, came a prospect of continued adverse commerce balances, and, of course, large and further shipments of gold were requisite. Only our bonds being sold abroad kept any gold at home.

What has been done to correct the evil of shipping our basic money abroad to discharge the adverse balances of *transportation* now recurring from year to year, in the absence of an adequate marine? Nothing — absolutely *nothing*. We have been given the *gold standard* — for the benefit of our foreign creditors, *but our own need was a merchant marine*. Fortunately, the development of our manufactures has come to the aid of our agriculture, and the heavy export of precious metals may not again, for a season, set the bankers wild, but the fact remains that *foreign carriage of our commerce makes it unsafe*. Nor is it in the power of monetary measures of any kind to do away the danger involved.

#### 4. OUR POLITICAL INTEREST.

If there be one thing more than another of which the American mind is jealous, it is of political independence. Our disposition is to grow impatient of dictation from foreign nations, yet dictation is always exercised toward "debtor" countries. Therefore, we should beware of foreign debt, and not contract it. Not only ancient, but modern history, bears out the advice of WASHINGTON, that "the great rule of conduct for us, in regard to foreign nations, in extending our commercial relations, is to have with them as little political connection as possible." To observe this rule, we must have a marine of our own, as we had when it was wisely made. Thus only can foreign influence in our affairs be averted. No maritime nation dependent on another for shipping can assume equality of rank at sea with independent carrying nations. Inferiority of rank argues submissive relations in international politics. Impositions in commerce and navigation are bred of inferiority and submission. Foreign impositions have swept away our shipping, and, if possible, would keep it off the sea.

Why should we, in our commerce, as nowhere else, wholly disregard the first principle of our national character? — in fact, compromise and fritter away the best virtues we pretend to possess? Our commercial policy, like our political aspirations, should have independence for a fundamental object. It was so in our early history. To be free from dictation, or undue influence from abroad, we must do our own work on the ocean as on the land. By doing this we will best guard against “the insidious wiles of foreign influence” — “one of the most baneful foes of Republican Government” — to use the words of WASHINGTON. When he made his “Farewell Address,” our commerce had an *American* carrying trade, with a percentage of 88 to 90. We were then an independent shipping nation, and he expected us to so remain. Of foreign nations we should ask no favors, not even the hire of a single ship; to any of them we should show no preference and should have no “most favored nation;” nor should we share with any a single advantage that is the birthright of our own people, save and except in a case of voluntary annexation. To be able to do these things, we must owe no foreign nation, much less be dependent on any for the market carriage of our productions, or for any service whatever.

*Foreign Interference in our Affairs.* MR. JEFFERSON cautioned us in 1791 that “the marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the *means* of carrying them; and our politics may be influenced by those who command our commerce.” This is altogether too nearly our situation to-day — much nearer than it ever was before. The foreign ship, the foreign merchant, the foreign banker and underwriter, and the foreign shipbuilder, engineer, and mariner, thrive upon American commerce, while they think it is their own. Our European market is mostly in Liverpool, though hundreds of our cargoes are sold there, and ordered thence to continental ports, to British profit in place of American. We have no control of our own trade. The British market pays a high rate of *freight*, but the lowest price for the merchandise bought. Out of all our trade with the empire we do not get a business share of *five* per cent. As for our



commerce with the world, eager rivals and possible enemies command it to the extent of ninety-one per cent. — in our exports to the extent of ninety-three per cent. While we held the command ourselves, our politics were reasonably free from foreign bias, patronage, or subservience. How is it now, after the carriers of our commerce, feeling themselves at home, have joined and control some of our exchanges, boards of trade, chambers of commerce, and even some of our political associations, while remaining subjects of foreign powers? They take sides in our political questions, contribute to the cost of campaigns, petition the government as supporters of applicants for positions, and influence conclusions on public matters, yet they have never sworn fealty to our Constitution and our laws. There are members of our commercial bodies who have never seen "America!" None of these people contribute any sentiment favorable to our having a marine of our own. On the contrary, they talk and work for foreign advancement.

*The Press used in Foreign Interest.* Naturally, this foreign interest has its press in our country, as well as in Europe. It aids materially in maintaining the present status, as it exists in all our cities and is well patronized. This press does not advocate effective measures for an American marine, but deprecates such action. Then, there is the foreign press proper which performs its legitimate work of discouraging the susceptible American mind. The British portion of this press meddles with many of our public questions; dictates what is sound doctrine and what is not; advises the passage of this bill and deplors the offering of that; and subjects all we do or propose to do, as a nation, to daily criticism. British inculcation in American affairs amounts, sometimes, to a casting vote. We were tolerably free from such interferences while we were our own carriers and merchants, and gave Great Britain less than *ten per cent.* of our transportation. Now, that she has seventy per cent. of it, she has resumed her old-time supervision of our growth.

*The Idea of Our Fathers.* When our present Government was established, its founders thought they had made an end of the adverse rule of foreign interest in the United States. The subject of proper relations for our commerce and navigation

came forward coeval with the question of a closer Union under a written Constitution. On the meeting of the first Congress, an *active* commerce under our own flag became an immediate object of legislation. Shipping measures were introduced before Washington's inauguration. Every representative and senator then favored the building and maintenance of shipping for our own use. As to the urgency of demand, opinions differed but little. Three vital purposes inspired the policy which was adopted. First, to secure certainty and economy, with unbiased service, in marketing our exports; second, to open up to our people the grand theatre of the ocean with all its trades and pursuits; third, to provide sea power for the national defense. Our commerce soon became American in root and branch. With shipbuilding and navigation, it crowned the thriftiness of early years. It cemented the Union of the States, and created the power essential to national rank. It made us a name and spread abroad a fame still a part of our repute. With navigation, it discovered markets, employed, and well paid labor; it highly rewarded enterprise, built our seaboard cities, fought our battles bravely, won our proudest victories, and fast advanced the settlement of the continent. Our foreign business found a way to balance itself. Stocks did not fall on steamer day, nor the country wince weekly at the exportation of *gold*, as we have seen it happen since we lost our carrying trade.

*A Mistaken Conclusion.* It is said that we are now fast getting out of foreign debt — that little gold is going over, though Europe needs very much. Also, that British loans are being placed in New York, to prevent gold coming our way; “thanks to a wise revenue policy, and the productive resources which it has developed.” True, we are saving somewhat at the spigot, but the *bung* of the carrying trade remains open. There are those who think that our excess of exports may be depended on in future to balance our adverse transportation; that we need not disturb our pleasant foreign relations to get a marine of our own. If we never build a ship nor sail one, we shall soon be established as a “creditor nation,” with the centre of exchange in New York. But what if “hard times” in Europe shall come and our exports fall off greatly? Or if lasting and destructive

wars shall take place — with war freights and war insurance, and few foreign ships to carry for us? We may be neutral, but, without vessels of our own, our exports may have no shipping to market them, while imports may continue fair, if not large. But, whether there shall be war or peace, there is nothing surer than this : The power that controls our transportation and conducts our commerce will rule our finance and sway our politics, if these be possibilities. Money rules the world, but it is the ocean carrying trade that increases commerce and that swings the pendulum of finance as it will.

### 5. OUR MILITARY INTEREST.

In considering the question of a merchant marine, the military needs of the nation have been generally overlooked. Attention has been drawn to the unprofitable state of private interest, and “relief” asked or advised. Individuals might possibly accomplish their purposes through “Government aid,” but, taking a broader view, *the national interest* suggests a different remedy. Where the defense of the country is concerned, more especially as it is in the arts of shipbuilding and navigation and in all the trades of the ship and the sea, it is the Government itself that should seek improvement and progress, and that should originate the measures therefor.

This course had an illustration in the first Congress, in its first day’s debate on the first tariff bill. Mr. Tucker, of South Carolina, wanted a duty not exceeding *five* per cent. and the tonnage-duty article postponed, because the different States were not upon an equal footing. In some they wished a high duty upon tonnage, even so high as to preclude the admission of foreign vessels ; others again wished moderate duties ; whilst some others only wished such duty as would answer the sole purpose of revenue. He could not vote for high duties.

Mr. Madison, of Virginia, the day before, had thus introduced the resolutions under consideration : —

“I take the liberty, Mr. Chairman, at this early stage of the business, to introduce to the Committee a subject, which appears to me to be of the greatest magnitude ; a subject, sir, that requires our first attention, and our united exertions. . . . A

national revenue must be obtained ; but the system must be such that while it secures the object, it shall not be oppressive. . . . The proposition made by Congress in 1783 . . . seems well calculated to become the basis of the temporary system, which I wish the Committee to adopt.

"This, sir, with the addition of a clause or two on the subject of tonnage, I will now read, and with leave, submit it to the Committee, hoping it may meet their approbation, as an expedient rendered eligible by the urgent occasion there is for the speedy supply of the Federal Treasury and a speedy *rescue of our trade* from its present anarchy."

Mr. Tucker's speech setting forth, as it did, the local and even sectional aspects in which some minds viewed the legislation under discussion, it was a good time for a statesman to put the subject on proper ground. Accordingly, Mr. Madison again addressed the Committee : —

"I am sensible that there is great weight in the observations that fell from the honorable gentleman from South Carolina, that it will be necessary, on the one hand, to weigh and regard the sentiments of the gentlemen from the different parts of the United States ; but, on the other hand, we must *limit* our consideration on this head, and notwithstanding all the deference and respect we pay to those sentiments, we must consider *the general interest of the Union* ; for this is as much every gentleman's *duty* to consider as is the local or State interest — and any system of impost that this Committee may adopt must be founded on the principles of mutual concession." . . .

He stated his general principle to be, that commerce ought to be free, but the conduct of other nations *prevented this course*. Especially was it necessary to make an exception in all that relates to *national defense*. On this exception, he said, "great stress was laid by some well-informed men, and this with great plausibility ; that each nation should have within itself the means of defense, independent of foreign supplies ; that in whatever relates to the operations of war, no State ought to depend upon a precarious supply from any part of the world."

*Madison, a Champion of American Shipping.* At a later

stage of the discussion as to tonnage duties, Mr. Madison addressed the House as follows :—

“ I conceive, Mr. Speaker, that we must consider this as a general question involving these points: How far is it expedient, at this time, to make a discrimination between foreign nations and the United States *for the purpose of promoting and accelerating the improvement of the American navigation?* . . . The arguments offered against the measure are founded on a *maxim of impolicy*. It is stated that we have not vessels enough of our own to transport the produce of our country, and as this produce sells low, we ought not to enter into *regulations* that will increase the price of freight. The plain meaning of which is, I take to be, let us employ those vessels that will do our business cheapest, making no kind of discrimination whatever. If this argument has weight, it goes against discriminating in favor of our own shipping.”

To Mr. Madison's mind this was an “impolitic” idea. The public good could not be advanced by consulting private convenience.

“ I admit,” he continued, “that laying *fifty cents* on foreign vessels, and but *six cents* on our own, is a regulation by which the owners of American shipping will put a considerable part of the difference into their pockets. This, sir, I consider as a sacrifice of interest to *policy*; the sacrifice is but small, but I would not contend for it, *if we did not stand in need of maritime improvement*. Were it not for the *necessity* we are under of having *some naval strength*, I would be an advocate for throwing wide open the doors of our commerce to all the world, and making no discrimination, in favor of our own citizens. But we have *maritime dangers* to guard against, and we can be secured from them *no other way* than by having a navy [*marine*] and *seamen* of our own; these can only be obtained by giving a *preference*. I admit it is a tax, and a tax upon our produce, but it is a tax we must pay for the *national security*. I reconcile it to *the interest of the United States* that this sacrifice should be made; by it we shall be able to provide *the means of defense*, and by being prepared to repel danger is the most likely way to avoid it. This tax, therefore, may pre-

vent the horror of a war, and secure to us that respect and attention which we merit."

*A Lesson from War Experience.* Our forefathers had reason to appreciate "naval strength." The "mother country" had long been "sovereign of the seas," and frequently indulged in naval wars that the Colonies had built vessels for and helped to man. Privateering had contributed largely to their successful revolution. Our people had prosecuted the shipbuilding business for more than a hundred years, though their navigation was mainly between the Colonies. Deep-sea fishing, and whaling had made many superior seamen who aided in our land battles, as well as on board ship. Our statesmen knew of these things. They knew that the power to build and sail was in itself a pillar of independence. History had taught them that nations that take and keep the sea with shipping develop military, as well as civil prowess. That vessels are weapons for war no less than tools for trade. That able seamen are valorous for defense ashore or afloat. Not only are well-built ships good platforms for guns and swift in action, but ramparts and fortresses to discomfit an enemy. And always, in any part of the world, our ships are our standard bearers. Our war for independence had the aid of a loyal marine. Our war with the Barbary States, with France, and our second war with England, were mainly fought by ships and seamen. The two former were soon brought to terms. In the latter case, thirteen actions brought eleven victories which insured the making of peace. At a later day our Union under the Constitution was only preserved by the aid of our naval arm. The recent Spanish war was soon terminated by our fleets. But, for the first time in our history, we had not the ships nor the seamen of our own sufficient for our purpose. We had to search the ports of Europe for transports and colliers; we even bought war steamers abroad, and had to enlist landsmen and foreign seamen to man our fighting vessels. Recent returns show that fully *one third* of our naval crews were foreigners. Had their nations favored the enemy, we should have been short of force — perhaps the result quite different. To-day we are eighty million strong, yet have not seamen of our own to man our little navy in time

of peace. Recruiting officers are now engaged the country over soliciting the men of the mountains and plains to join the navy as landsmen, and learn to be seamen. Thousands are required. It is safe to estimate, it will cost a million of dollars to make a thousand sailors. An ample merchant marine would make them in sufficient numbers without the cost of a cent.

*British Power as Based on the Sea.* Think for a moment what predominant power shipbuilding and navigation have put into the hands of Great Britain. Sea power at any cost of life and money has been for centuries, and will continue to be, her ruling ambition. Of the steam tonnage of the world in 1900, she owned over 54 per cent. ; of the sail tonnage, 31 per cent. ; while of potential tonnage — steam and sail effective — her percentage was nearly 52, leaving but 48 for the fifty other flags. But it is not in ownership alone, and in the number of seamen, that British shipping power shows a vast preponderance, outside of a monstrous navy. In the shipbuilding business the British once held a monopoly in respect to steam vessels, and to all metal built, and the advantage and supremacy thus gained yet remain. In 1899, over 75 per cent. of the steamers built for ocean commerce were the product of British shipyards. In 1892, the proportion was 86 per cent. Thus a single nation, of little more than half our population, building against *fifty* nations, almost overcame them all, as she certainly ranks them all at sea, and would be bound to rule them all in her own good time, were they for the most part to permit her to do their shipbuilding, to carry on their transportation, and to conduct their commerce.

*Importance of Shipbuilding Power.* If we would weigh for a moment the advantage of shipbuilding power, a glance at the navies of Great Britain, on the one hand, and of the five nations, France, Russia, Germany, Italy, and the United States, on the other, say in the average year of 1896, would show us Great Britain with 316 vessels, superior in force to the powers named with 282 vessels. In battleships and cruisers alone the figures stood 191 to 218, but the superiority in *shipbuilding power* possessed by Britain was more than equal to the difference of 27 ships. This superiority is such to-day that, if the war fleets of the six nations were engulfed at sea with all their crews, and had to

be replaced, Great Britain could reproduce her vessels in *half the time* it would take the other five nations to reproduce their fleets ; and, besides, Britain would have the seamen, the transports, the colliers, and the scouts — every instrumentality of naval war — ready for the fray, when her navy was restored. Thus it is, that *shipbuilding power* is not only *an essential element* in naval warfare, but *the very first requisite for final victory*. The next necessary is *ship-manning power*, which always corresponds with the size and service of a native merchant marine.

*Rational Statesmanship Needed.* It was a knowledge of the principles behind these facts that caused our early statesmen to provide, that the shipping engaged in American commerce must be, not only owned, but *built and manned* by our own people. They did not leave this work to begin or to run itself. They felt that the national weal involved should be cared for by Congress and secured by the laws. They knew that an American carrying trade in American-built vessels would become the foundation of American sea power, to which we must eventually owe our prosperity and independence. From history they had learned that the nation itself cannot but be concerned in the cultivation and perfection of the naval arts far beyond the interest of individuals, firms, or corporations. These can choose other pursuits than those having to do with the sea, but the nation itself so depends upon the carrying on of these industries that our Government *must encourage* their development, or fail ingloriously to secure the object of its own establishment. In this light, it may easily be seen that no part of a permanent policy for the restoration of our ruined shipping interest should look to the touch of American shipbuilding with a thoughtless or selfish hand. As the first essential of sea power, no maritime nation can attain rank, security, or prosperity without shipyards and their mechanic forces. On the other hand, commercial independence and financial freedom, liberty of vocation and national greatness, will always have their deeper roots in the naval arts. It *will* pay, therefore, to return to the policy of the fathers, and to make the United States at sea, the equal of any nation on the Earth.



## CHAPTER III.

### COLONIAL AND STATE ENCOURAGEMENT OF NAVIGATION.

*Origin of American Navigation Laws.* It has been erroneously said that our early shipping legislation grew out of a disposition to copy the course of the "mother country." It will be found, however, that our encouragement of the carrying trade, by regulating it, was by no means a new thing in the United States at the opening of Congress under the Constitution. There had been in most of the Colonies before the Revolution, and afterward in the States, distinctive enactments with this object in view—the earliest in Virginia in 1681, twenty years before the date of the English "Navigation Act." There is no need, therefore, to attribute to English example the initiation of a shipping policy in the tariff act of 1789. Besides, no part of the British law was copied; our laws were the outgrowth of our own experience and judgment, and in principle differed much from the British. The principle of the famous "Navigation Act" was *prohibition*, but of our law, *permission with duties*. While the different systems of ship protection enforced by maritime nations, and Britain in particular, made it necessary to care for our carrying trade, our statesmen had not to be convinced of its propriety, most of them being familiar with the shipping systems of their own States. The people, also, of nearly all the States understood very well the uses and advantages of a merchant marine. They had elected the legislators who had provided such ship encouragement as had been practicable to apply. It was, therefore, not strange that the disposition to foster shipbuilding, an art long established in several States; to promote shipowning, a business reaching back to the settlement of the Colonies; and to extend commerce, a thought present in the American mind

for one hundred and fifty years, should be as general and as strong as to advance agriculture and establish manufactures, since all these interests naturally joined and supported each other in developing the resources of the young nation, and in maintaining its independence. In fact, a planter of North Carolina declared in Congress, in 1789, that the way to advance agriculture was "to promote our commerce," and this by increasing our shipping. There had been six years of trial, a few of them under State encouragement, but the country was satisfied there must be a *national policy* and a general system before regulations of trade could become effective. Our navigation had little power to extend itself. In short, to have a shipping policy under which American commerce would prosper and promise the accomplishment of great public good, was a well-defined aspiration of the new Republic before James Madison, in 1789, originated in Congress, the first movement therefor.

*Colonial Tonnage and Tariff Acts.* In the different discussions of the "shipping question," for the past thirty years, the Colonial, and even the State, legislation in aid of the carrying trade, has been overlooked. A single fact may explain the reason; the records are incomplete, and until of late the field has been but little explored. For many of the facts presented in this chapter, we are indebted to a work of inquiry by Professor William Hill, University of Chicago — "The First Stages of the Tariff Policy of the United States, 1893."

In most Colonial charters *discriminating duties* were authorized. That of Virginia was a type with a duty of  $2\frac{1}{2}$  per cent. on all goods imported by British subjects and 5 per cent. on all imported by foreigners — presumably in foreign vessels, though the British "Navigation Act" had not then been passed, its date being 1651–1660, the settlement of Virginia being 1610. In 1663 a rum and sugar duty provided shipping protection — in a small way: —

"Whatever vessel, except such as belong wholly to inhabitants of Virginia, brings in any rum or sugar, shall not unload the same except at ports appointed," etc.

While the protective acts of the Colonies were not numerous,

there was no hesitation in granting protection which might establish any industry. Discriminating duties and even prohibitions were resorted to, not only against foreign countries, but the different Colonies. The virtues of "reciprocity," also, were utilized. In 1649 an act of Massachusetts provided for retaliatory duties. Virginia also enacted them, explaining that "Virginia vessels are compelled to enter and pay fees before trading in Maryland ports. This is unneighborly, but Maryland vessels must do the same here until her laws are repealed." Furthermore, the principle of every nation to be its own merchant was exploited. Massachusetts imposed "double duties, both specific and ad valorem, on all goods which were not imported *directly* from the place of their growth." To protect her commerce, she also imposed "double rates on all commodities brought in by inhabitants of Rhode Island, Connecticut, and New Hampshire," Colonies by which she was nearly surrounded. Still stronger encouragement was given to Massachusetts' shipping by an impost of "5s. per hogshead on all molasses and 60s. per hogshead on all rum imported by *foreigners*" — in their vessels, of course.

The discriminating duties were in force from 1730 to 1743. The double duties on goods brought through other Colonies were collectible from 1715 to 1774. From having the best protection, Massachusetts came to have the most shipping.

*The Powder and other Tonnage Duties.* The impost on shipping was first called powder duties from their being payable in powder. The first such duty was laid by Virginia in 1631, the act providing that "every ship should pay one hundred pounds of powder and ten iron shot for every one hundred tons burden." These were about the average rates in all the Colonies but Georgia, New Jersey, and Delaware, which did not at first lay a tax on shipping. In Rhode Island afterward, tonnage duties seem to have been the only kind collected. When money had become more plentiful, the powder duties were commuted and paid in the equivalent of *cash*. The dates of powder duties are as follows: Virginia, 1631; Massachusetts, 1645; Maryland, 1661; Pennsylvania, 1683; South Carolina, 1686; New York, 1709. For the other Colonies the time

is uncertain. It was common in framing the acts to set forth the reasons, which were, generally, the public defense. In Massachusetts and New York this tax was a part of the revenue system. In Virginia and Maryland the tonnage dues were made perpetual, and with the export tax on tobacco, furnished a permanent source of revenue, rendering the Governor independent of the Assembly and the people. In 1692 the Maryland Assembly revoked the tonnage tax. "The King, however, decided that the grant was irrevocable, and that Lord Baltimore should continue to collect his 14d. per ton, which in 1752 amounted to \$5000."

All the tonnage duties were clearly for revenue, but the acts were so framed that the shipping interest got a good degree of protection. Most Colonies *exempted* their own shipping. The northern Colonies had reciprocity agreements, by virtue of which the vessels of each had free entry at the ports of the others. The law of Massachusetts provided that English ships, and those of Pennsylvania, New Jersey, New York, Connecticut, and Rhode Island should pay no duties. English ships were subject to the tax for a while, but the owners complained, and the colonists were commanded to cease the distinction between British ships and their own. Most of the Colonies unwillingly obeyed, and almost all ships having a legal right to trade with the northern Colonies got free of these duties. When the tax on British shipping and the duties on British goods had to be abandoned by command of the King, the revenue fell off over *half*. It would seem, therefore, that the revenue collected from tonnage in the southern Colonies may have been greater than in the northern, as the former had few vessels, and the exemptions were not carried so far. It is not, however, the revenue quality of these duties that interests us most, but the power they had to reserve for colonial shipping the inter-colonial carrying trade.

*Shipping Acts of the Confederate Period.* With the war of the Revolution and its consequent derangement of trade, and with the enemy in control of our chief ports, there came a respite from the collection of duties of all kinds. Intercourse with England was mutually forbidden, while trade with other

countries was fraught with danger. Besides, the tyrannous course which caused the Revolution had prejudiced the public mind against taxes of every sort. Only Virginia, the steadfast and untiring State of WASHINGTON, continued her policy. Not until the advent of peace were duties again imposed by the other States. In tariff duties there were exceptions. In 1783 New Jersey passed an act *to free* importations at all her ports. Rhode Island, New Jersey, Delaware, and Georgia levied few duties except those on shipping, and these were aimed at foreign flags.

It is often seen that "circumstances alter cases." Almost all the champions of free government believed in free-trade principles. When they became responsible for the independence of their country — its progress, development, and successful government — they soon flung their theories to the wind. An illustrious type of the statesmen of the time was *Patrick Henry*. In the Assembly of Virginia, in 1783, Henry's eloquent voice was for an "unfettered commerce," now that peace had made commerce profitable and safe. "Why should we fetter commerce? Fetter not commerce, sir, — let her be free as the air — she will range the whole creation, and return on the wings of the four winds of heaven to bless the land with plenty." But Virginia was learning from the experience which was causing the growth of *National* sentiment in all the States. Henry, in time, swung entirely around from the position he had held in 1783, and in 1787 favored the *prohibition* of liquors, cheese, butter, pork, beef, tallow, and candles, and the imposition of a duty on iron, coal, hemp, and cordage. His biographer says: "He thought it wise to stimulate *home industry*, and was not bound by previous utterances or by any theory of political economy." The fact is, that Virginia passed more tariff acts from 1779 to 1789 than any other State, and Madison asserts that the desire to encourage manufactures, as well as the need of revenue, caused those of 1786 and 1787.

*Objects of Tariff and Tonnage Duties.* New Hampshire declared in her tariff act of 1788 that one of its principal objects was to "furnish employment for poor persons," and another was "to secure a favorable balance of trade and to

prevent large sums of money from being drawn to foreign countries." In fact, the distress and ruin that were overspreading the land, directly traceable to adverse balances of commerce, from foreign transportation as well as trade, largely influenced all the tariff legislation of the time. *Revenue-protection* was the idea, especially after the year 1784. Mr. Madison, in Congress, in 1789, well expressed the public feeling in the following words:—

"When we consider the vast quantities of our produce sent to the different parts of Europe, and the great importations from the same places, that almost all of this commerce is transacted through the medium of *British ships and British merchants*, I cannot help conceiving that, from the force of habit and other conspiring causes, that nation is in possession of a much greater proportion of our trade than she is naturally entitled to."

The way to reduce our dependence on Great Britain was to encourage our own manufactures and to increase the share which we had in our own commerce and its carriage, not forgetting to favor our friends, the Dutch and the French. A persistent effort was made in Congress, in 1789 and afterward, to discriminate in tonnage duties as between nations in alliance or treaty, and those who would not become so related to us. New Hampshire has the distinction of originating this idea, which was thus referred to by Mr. Madison in one of his speeches, 1789:—

"With relation to the discrimination proposed to be made between foreigners, I think nothing new has been offered now. It has not been denied, and therefore I take it to be tacitly admitted, that the public sentiments are friendly to such a discrimination as is proposed. I do not think it necessary, therefore, to relate particularly some facts, which would have shown that *almost all the States* in the Union have manifested their opinion on the subject, that a discrimination ought to be made, and ought to operate particularly on Great Britain. A discrimination of this kind *first appeared* in New Hampshire; the influence of its example expanded to the whole extent of the Union, and State after State adopted *regulations* for the salutary purpose of *checking a power that was monopolizing our trade*; but finding from fatiguing experience that their separate efforts were ineffectual,

they united in forming the Government under which we deliberate."

*Renewal of Revenue and Shipping Legislation.* Virginia continued her revenue system through the period of the war, while Pennsylvania renewed hers in 1780, and Massachusetts followed in 1782; New York and Connecticut in 1784. In a few years the Pennsylvania system attained such perfection as to make it the model for Congress in 1789. The duties, low at first, were doubled in 1782. In 1784, however, low duties were again tried, but later in the same year increased. In 1785 came the notable act "to encourage and protect the manufactures of this State by laying additional duties on certain manufactures which interfere with them." Specially to protect shipbuilding heavy duties were laid on different articles thought to compete injuriously with the work of the shipwrights of the State. To encourage *shipowning* and the extension of the *carrying trade* discriminating duties were laid as follows: —

(1.) "Upon all rum imported in any vessel belonging to any foreign State or Kingdom, six pence per gallon, and the like sum upon all imported by land or water from any of the United States except it appear by oath, &c., that it was distilled in the State whence imported, or that it had been imported into that State by vessels of the United States."

(2.) "Upon every ton of shipping belonging in whole or in part to any foreign nation or state, whatever, except such as the honorable Congress of the United States have entered into treaties of commerce with, 7s. 6d. for every ton thereof, carpenter's measure, for each and every voyage." (American vessels and those of nations in treaty were untaxed.)

(3.) "Upon ready-made sails, ten per cent.; upon blocks and sheaves for ship use, seven and a half per cent.

(4.) "Upon all teas imported from Europe or the West Indies, viz.: Upon every pound of Hyson tea, 6d.; upon every pound of other tea, 2d." (Direct importations free.)

This latter provision looked to a direct trade of our merchants and their vessels with China; and, with the discriminative tonnage duty, it had the effect of opening a trade with Asia; especially, as afterward all kinds of Asiatic goods were to be duty

free ; and as to the dutiable list from other countries, American merchants were given advantages in trade, by requiring foreigners to pay an additional duty of two per cent., and by allowing citizen importers an abatement of five per cent. from the statute rates.

Massachusetts, as well as Pennsylvania, experienced an instructive development of tariff law. Having had perfect free trade from 1774 to 1782, the act of that year contained an apology for again taxing goods imported, and the law was to survive the war but *six months*. Before the Revolution Massachusetts laid duties on fewer articles and laid them at lower rates than South Carolina. By 1786 she had so progressed that she could preface a tariff act as follows : " And whereas it is the duty of every people blessed with a fruitful soil, and a redundancy of raw materials, to give all due encouragement to agriculture and manufactures of their own country ; be it enacted," &c., that some sixty articles be " prohibited " importation " on pain of forfeiture." Massachusetts was largely dependent upon ship-building, the carrying trade, and the fisheries. At one time this State with New Hampshire built as many vessels as all the other Colonies together. After the war they were not long in reviving former acts of encouragement. In 1789 nearly all the shipping in the trade of Massachusetts was American. Why any part of it was foreign, Fisher Ames explained in the House of Representatives the same year. " It has been suggested," he said, " that because Massachusetts has foreign vessels in her employ, she cannot transport produce for others — Massachusetts, by reason of that *influence* which Britain has, is obliged to receive some of her supplies in foreign bottoms, but this is only a proof that the evil requires a remedy." However, the representatives of the Bay State did not advocate extreme measures in Congress for the protection of shipping.

New York renewed her tariff policy in 1784. Forty articles were taxed. Afterward the duties on imports *by British vessels were doubled*. In 1785 additional duties were laid on cordage, yarn, boots and linseed oil, the proceeds applying to a *bounty* on the raising of *hemp*. An attempt was also made to compel the near-by States to discriminate against British shipping, by



providing that "all goods, wares and merchandise, other than the produce and manufacture of any of the United States, imported into New York from the States of Rhode Island, Connecticut, New Jersey, and Pennsylvania, shall be subject to like duties as are paid by goods imported in British vessels, unless it shall be proved to the satisfaction of the collector that such goods were not imported into said State in British vessels."

*British Determination to Regain our Trade.* It was soon seen that the States, each acting for itself, were exerting an important influence by example upon one another. The laws of one State were circulated and sometimes reenacted in the others. When the trade with England had been reopened, a tide of importation set in, nearly its entire volume pouring into our harbors in British vessels. In 1784 Lord Sheffield wrote: "England and rival nations have vied with each other in pouring their manufactures into America. The country is already stocked, most probably overstocked, with European commodities." Still, British merchants pushed their bargains from North to South, gathering up our money, taking little of our produce, and bringing distress everywhere. The American people wearied of this sharp business. The newspapers became filled with advertisements of luxury, "cheap for the cash." Indignant letters also appeared.

American trade with England from 1784 to 1790, by British customs returns, was as follows: (1)

Year.	Exports.	Imports.
1784 . . . . .	£749,345	£3,679,467
1785 . . . . .	893,594	2,308,023
1786 . . . . .	843,119	1,603,465
1787 . . . . .	893,637	2,009,111
1788 . . . . .	1,023,789	1,886,142
1789 . . . . .	1,050,198	2,525,298
1790 . . . . .	1,191,071	3,431,778
	£8,644,753	£17,443,284

For every dollar's worth imported *five eighths* of a dollar in coin had to be exported, as adverse balance of trade; and to the extent of \$2.50 per capita, annually. No wonder the country was drained of coin, nor any marvel that free-traders became protectionists, nor in the least amazing that our people were of

one mind as to the need of *American merchants* and an *American marine*, to conduct our export business.

*Uniform Regulation of Commerce.* The last straw upon the back of the "Yankee" camel seems to have been the Proclamation of the British king, 1783, to monopolize our commerce with the West Indies, by restricting the importation of American produce to British vessels only, and the exportation of the Islands' into these States to the same sort of shipping. Governor Clinton, of New York, in February, 1784, brought this matter to the attention of the Legislature. Soon after, a convention held at Hartford, Connecticut, complained of this Proclamation to Congress, and suggested the necessity of a *uniform regulation* of the commerce of all the States, the thirteen Legislatures failing to agree upon many points. Other public bodies continued the action on Congress. Finally, a committee consisting of Thomas Jefferson, of Virginia, Elbridge Gerry, of Massachusetts, and three others, was appointed to consider the papers received. The report of this committee, made April 20, 1784, advised as follows: —

"The trust reposed in Congress renders it their duty to be attentive to the conduct of foreign nations, and to prevent or restrain as far as may be, all such proceedings as might prove injurious to the United States. The situation of commerce at this time claims the attention of the several States, and few objects of greater importance can present themselves to their notice. The fortune of every citizen is interested in the success thereof, for it is the constant source of wealth and incentive to industry; and the value of our produce and land must ever rise and fall in proportion to the prosperous or adverse state of our trade.

"Already has Great Britain adopted measures destructive of our commerce with her West India Islands. There was reason to suppose that measures so unequal and so little calculated to promote mercantile intercourse would not be persevered in by an enlightened nation. But these measures are growing into system. It would be the duty of Congress, as it is their wish, to meet the attempts of Great Britain with similar restrictions on her commerce; but their powers on this head are not *explicit*, and the propositions made by the Legislatures of several States

render it necessary to take the general sense of the Union on this subject.

"Unless the United States in Congress assembled shall be vested with power *competent to the protection of commerce*, they can never command reciprocal advantages in trade ; and without these our foreign commerce must decline and eventually be annihilated. Hence it is necessary that the States should be explicit and fix on some effectual mode by which foreign commerce not founded on the principles of equality may be restrained.

*The Germ of National Ship Protection.* "That the United States may be enabled to secure such terms they have ;

"Resolved, That it be and is hereby recommended to the Legislatures of the several States to vest the United States in Congress assembled, for the term of fifteen years, with the power to prohibit any goods, wares and merchandise from being imported into or exported from any of the States in vessels belonging to or navigated by the subjects of any power with whom these States shall not have formed treaties of commerce.

"Resolved, That it be and hereby is recommended to the Legislatures of the several States to vest the United States in Congress assembled, for the term of fifteen years, with power of prohibiting the subjects of any foreign State, Kingdom, or Empire, unless authorized by treaty, from importing into the United States any goods, wares or merchandise which are not the produce of the dominions of the sovereigns whose subjects they are.

"Provided that to all acts of the United States in Congress assembled, in pursuance of the above powers the assent of nine States shall be necessary."

That *Thomas Jefferson* brought in this report shows that he led the way with practical measures for a national navigation act. The recommendation in this report was formally made to the different States. Their action was slow ; concerted action seemed impossible ; the grants of power made did not agree with or conform to the resolutions.

*The Failure of Confederate Government.* This effort to regulate our commerce and navigation tested our plan of general government, and resulted in its condemnation. In 1786 a

committee of Congress reported that four States, Massachusetts, New York, New Jersey, and Virginia, had passed laws conformably to its request. Three others, Connecticut, Pennsylvania, and Maryland, had granted the power, but fixed the date of its exercise. New Hampshire had consented when other States conformed. Rhode Island had given power to regulate trade between the States for twenty-five years, and to prohibit, restrain, or regulate the importation only of goods in foreign vessels. North Carolina had granted powers over foreign commerce as Rhode Island had done, but unlimited in time, and when other States did likewise, it was to become an article of confederation. The other three States had done nothing, and were requested to yield assent. All the States were asked to fully conform, and allow their act to take effect when Congress first applied the power. In October, 1786, another report showed some progress, but not the uniformity needed. The committee thought that, with some change in the acts of North Carolina and New Hampshire, Congress might make the regulations desired. But the States had made too many conditions. Conformity seemed impracticable, and it was never obtained. Congress had also failed to secure authority to levy a *five per cent. impost*, and it was apparent that only a waste of time would result from a continuation of effort to get authority to regulate commerce. Without a revenue to discharge the obligations of the Government, and without powers for the regulation of trade and transportation, the usefulness of the "Continental Congress" seemed questionable.

These two tests proved the impracticability of the Confederate system — *in fact, condemned it* — and a better plan of government became an absolute necessity, if the United States were to become a nation, and to exercise any peaceful national power in preventing foreign rulers, in the language of the Declaration of Independence, from "cutting off our trade with the world."

*Revision of the Federal System.* When it was seen that the Congress that had directed the war for Independence could not exercise control of the body politic in a time of peace, the leading statesmen of the country began to work for revision of

the Federal System. In a speech in Congress, 1794, Mr. Madison thus described the situation, the efforts made, and final result: —

“To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. Were the United States, in fact, in commercial intercourse with one nation only, and to oppose no restrictions whatever to a system of foreign restriction, they would of necessity, be deprived of all share in the carriage, although their vessels might be able to do it *cheapest*, as well as of the only resource for defense on that side where they must always be most exposed to attack. A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports, would gradually banish the latter altogether.

“The subject was not a novel one; it was coeval with our political birth, and has at all times exercised the thoughts of reflecting citizens. As early as the year succeeding the peace, the effects of the foreign policy, which began to be felt in our trade and navigation, excited universal attention and inquietude. The first effort thought of was an application of Congress to the States for a grant of power, for a limited time, *to regulate our foreign commerce*, with a view to control the influence of unfavorable regulations in some cases, and to conciliate an extension of favorable ones in others. From some circumstances then incident to our situation, and particularly from a radical vice in the then political system of the United States, the experiment did not take effect.

“The States next endeavored to effect their purpose by separate but concurrent regulations. Massachusetts opened a correspondence with Virginia and other States, in order to bring about the plan. Here, again, the effort was abortive.

“Out of this experience grew the measures which terminated in the establishment of a government *competent to the regulation of our commercial interests and the vindication of our commercial rights*.

“As these were the first objects of the people in the steps

taken for the establishing of the present government, they were universally expected to be the *first fruits* of its operation." . . .

*The Annapolis Convention to Regulate Trade.* It will be well here to show distinctly how and why the steps taken to form the Constitution were mainly those of our statesmen determined upon the raising of national revenue and the establishment of an American carrying trade. But for the patriotism of the State of Virginia, and the wisdom of Washington, Jefferson, Madison, Edmund Randolph, John Page, and some others, we never should have had the closer Union, the perfected Constitution, and the superior *American ship*. It was not to the shipping States of New England that honors for these grand results were primarily due. Of the way in which they were brought about the following brief account is condensed from Marshall's "Life of Washington."

*Origination of the Constitutional Convention.* While the advocates for a closer Union were impressing its necessity on the public mind, measures were taken in Virginia which led to a proposition for a general convention to revise the state of the Union.

To form a compact relative to the navigation of the rivers Potomac and Pocomoke, and of part of the bay of Chesapeake, commissioners had been appointed by the Legislatures of Virginia and Maryland, and had assembled in Alexandria in March, 1785. While at Mount Vernon on a visit, they agreed to propose to the Governments of their respective States the appointment of other commissioners with power to make conjoint arrangements, to which the consent of Congress was to be asked, for maintaining a naval force in Chesapeake Bay; and to establish a tariff of duties on imports, to which both States should conform. When these propositions received the assent of the Legislature of Virginia, an additional resolution was passed, that the matter respecting duties be communicated to all the States, and that they be invited to send deputies to the meeting. On the twenty-first of January, 1786, a few days after the passage of these resolutions, another was adopted appointing five commissioners, viz.: Edmund Randolph, Governor

of the State, James Madison, Jr., Walter Jones, St. George Tucker, and Merryweather Smith, who were "to meet such as might be sent by the other States, at a time and place to be agreed on, to take into consideration the trade of the United States; to examine the relative situation and trade of the said States; to consider how far a uniform system in their commercial relations may be necessary to their common interest and their permanent harmony; and to report to the several States such an act relative to this great object, as, when unanimously ratified by them, will enable the United States in Congress assembled, effectually to provide for the same."

In the letter transmitting these resolutions to the respective States, Annapolis, Md., was suggested as the place, and the next September as the time of meeting.

The convention at Annapolis was attended by commissioners from five States only, viz.: New York, New Jersey, Pennsylvania, Delaware, and Virginia. Mr. Dickenson, of Delaware, was made chairman, and the objects of the meeting were discussed. But perceiving that their work should be more thorough than at first contemplated, and hoping to procure representation from the absent States, the Convention determined to rise without adopting specific resolutions on any part of the work that had been referred to them. Before adjournment, however, they agreed on a report to their respective States, in which they represented the necessity of extending the revision of the Federal system *to all its defects*, and recommended that deputies for that purpose be appointed by the several Legislatures, to meet in convention in Philadelphia on the second day of the ensuing May.

*The Making of the Constitution.* A copy of this report was transmitted to Congress. At the time and place appointed the representatives of twelve States — all but Rhode Island — convened. General Washington was made President.

On the 17th of September, 1787, the Constitution was presented to the American public, the instrument, with its accompanying resolutions, was, by the unanimous order of the convention, transmitted to Congress with a letter from the President. Congress resolved, unanimously, that the report, with the letter,

be transmitted to the several Legislatures in order to be submitted to a convention of delegates chosen in each State by the people thereof. Eleven of the States out of thirteen assented to, and ratified, the Constitution in its original form. North Carolina and Rhode Island accepted it soon after it had been put in force.

This is the story of the Constitution, and of the grant of power by the people, that the United States, as a nation, may, through Congress and the President, create and maintain *an American marine for the carriage of American commerce, by means of its regulation*, whenever these high functionaries shall choose to coöperate in the application of these means so eminently fitting and proper.



## CHAPTER IV.

### CONDITION OF AMERICAN SHIPPING IN 1789.

*Encouragement of the Several States.* The first acts of Congress for the advancement of shipping grew out of the situation at the time, in respect to the encouragement of the several States, and likewise recognized the disadvantages and difficulties of carrying on commerce under the hindrances of foreign countries. Concerning State regulations, we find, from the best accessible information, the following:—

New Hampshire: Extraordinary tonnage duty laid on all foreign vessels in 1785. American vessels free.

Massachusetts: Extraordinary tonnage duty on all foreign vessels, 1785. American free.

Rhode Island: Tonnage duty on foreign vessels.

Connecticut: Tonnage duty on foreign vessels, 1784.

New York: *Double duties on goods by British vessels*, whether brought directly or through other States, 1784.

New Jersey: Tonnage duties, no others, 1783.

Pennsylvania: Tonnage duties — on ships of “treaty nations,” 5s. 8d. per ton; on those of other nations, 7s. 6d. per ton. *Discriminating tariff duties*; on Asiatic goods foreign merchants to pay two per cent. extra; citizens to have a rebate of five per cent.; teas direct from China in American vessels, free, but dutied if brought indirect or by foreign vessels.

Maryland: Tonnage duty on British vessels, \$1 per ton; upon French or Dutch, 66 cents per ton. American vessels, free.

Delaware: Tonnage duties.

Virginia: Tonnage and discriminating duties; on French or Dutch vessels, 50 cents per ton; on British vessels, \$1 per ton; American vessels free. Brandy by American or French vessels free; rum by British ships, taxed.

North Carolina : Discriminative tariff and tonnage duties, favoring American vessels.

South Carolina : Tonnage duty, 1s. 3d. per ton ; two per cent. *ad valorem extra duty on goods in foreign bottoms.*

Georgia : Tonnage duty, 1s. 8d. per ton on foreign vessels.

The discriminating duties of all the States averaged nearly *sixty cents per ton*. A member from Virginia said, that one dollar per ton on British vessels did not prevent their thronging the ports for cargoes. In several States the protection to American vessels from tonnage duties was inconsiderable. New York and Pennsylvania seem to have had the most effective systems, simply because of the differential duty on *goods* imported. Only a few other States seem to have perceived the advantage in this. What New York and Pennsylvania might accomplish, however, New Jersey, with her free ports, inclined to prevent. The Southern States had the most use for tonnage, but lacking, as they did, in building and owning power, foreign influence was able to control the carrying, and to reject American vessels, especially in the import trade. In fact, and in sound theory too, the vessels that could secure *employment*, and make freights going and coming, would be sure to outstay carriers getting freights but one way. British vessels could secure return freights, but American could not in the face of competition. Evidently American vessels when abroad must have a way to get freights homeward, or yield the sea to rivals who could command the preference needed.

*The Tonnage of the United States.* The Colonies of America, just before the Revolution, had nearly enough shipping of their own to carry on their whole commerce, but during the war they not only wore out, or lost, or had destroyed, a large part of their marine, but owners had become too poor to replace old and lost with new vessels. Still, by 1789, it was estimated that of the 600,000 tons entered in our foreign and domestic trade that year 400,000 was American ; 200,000 foreign, the British part, 150,000 tons and increasing. (Accurate returns date from 1793.) On the return of peace, the British established among us merchants, agents, and factors of their own, and put the ships of their own flag into our carrying trade everywhere. Mr. Fitzsimons said in Congress, 1789, —

"It is by means of these men, and the capitals of Britain, that we are furnished with vessels for the transportation of our productions [abroad]; it is by this means that almost the whole of our trade is carried on in some States."

Of the foreign nations besides the British in our commerce, the French, Spanish, and Dutch only need be mentioned. Their tonnage was small. In a few years other flags came in.

The tonnage of vessels *entered* in the foreign trade of the United States, for the years named, was as follows: (2)

	American, tons.	Foreign, tons.
1789 (5½ months ending Dec. 31) . . . . .	123,949	110,465
1790 . . . . .	347,663	258,919
1791 . . . . .	363,810	240,799
1792 . . . . .	415,331	274,263

While foreign vessels ran freely in our coastwise trade before the act of July 20, 1789, they abandoned it afterward, and clung only to the foreign trade, but in this they did not thrive. The operation of the act cited caused the increase of shipping to be American. The following table from "American State Papers" gives an interesting view of the commerce and navigation of the several States in the first four years of our history, all the tonnage being American, the fishing fleets, mostly belonging to Massachusetts, not included — and these increased 250 per cent. : —

THE TONNAGE OF THE DIFFERENT STATES.

(3) Statement of the tonnage on which duties were collected during the years 1789, 1790, 1791, and 1792 — fishermen omitted.

STATES.	Registered Tonnage employed in Foreign Trade.				Enrolled Tonnage employed in Domestic Trade.			
	1789.	1790.	1791.	1792.	1789.	1790.	1791.	1792.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
New Hampshire . . .	5,051	11,487	10,496	11,073	909	1,215	1,457	1,049
Massachusetts . . .	31,778	99,798	94,662	112,644	27,057	45,547	43,226	50,266
Rhode Island . . .	—	10,950	17,203	17,407	—	5,855	8,400	7,721
Connecticut . . .	5,616	25,910	18,140	16,523	5,148	7,090	8,385	8,639
New York . . .	19,536	37,712	41,866	50,801	4,325	6,368	5,333	8,394
New Jersey . . .	557	1,988	1,171	1,000	3,250	3,108	4,622	5,320
Pennsylvania . . .	24,661	46,197	53,898	65,212	4,015	5,180	3,222	3,515
Delaware . . .	1,392	2,436	4,283	3,954	902	552	1,289	1,134
Maryland . . .	15,990	36,305	34,492	42,998	12,600	7,955	7,437	10,380
Virginia . . .	12,142	27,316	33,239	32,545	7,495	10,065	10,210	11,686
North Carolina . . .	—	20,671	23,245	26,844	—	6,563	7,269	6,976
South Carolina . . .	5,385	15,816	23,856	21,338	2,061	3,384	4,850	4,566
Georgia . . .	1,795	9,668	6,759	9,099	705	913	794	1,321
Totals . . . . .	123,893	346,254	363,110	411,438	68,607	103,775	106,494	120,967

To find the ratio of growth in the foreign trade, we may assume that the year 1789 had equal monthly entries. Five and one third months aggregating 123,893 tons, the whole year would aggregate 278,904 tons, and the three years' gain would be 132,534 tons, or 47.4 per cent. Handling the foreign tonnage in the same way, the figures to start with would be 248,700 tons, and the gain over 10 per cent. But in the years following foreign tonnage lost heavily, notwithstanding its advantages, such was the success of our shipping legislation in minimizing them.

*Scope of our Carrying Trade in 1789.* After the peace of 1783, Great Britain determined to prevent, if possible, the attainment of shipping or commercial power by the United States. She refused to make any commercial treaty with us, and discouraged us in many ways. Respecting this I quote from Congressional speeches in 1789. Mr. Fitzsimons, of Pa., said: —

“Let us now proceed to ascertain what is the difference between the regulations of France and England relative to the commerce of this country. Into the ports of Great Britain an American vessel can bring the produce of the United States, *but nothing else*. Our ships paid no more duties on such articles than if imported in British bottoms, except what was for the support of *lights*; but this in some cases falls pretty heavy, but it is no more than all other nations have to pay. In the ports of France an American vessel is admitted nearly on an equal footing with the vessels of their own subjects. . . . The ships of this country sold in France are entitled to all the privileges of French-built ships, in the Colonial trade as well as any other. Our ships may be sold in England also, but they cannot be employed in her Colonial trade, consequently the price must be lessened by the restriction of their use. In the West India Islands, American vessels are not permitted to enter, but ships belonging to the subjects of Great Britain may carry any of our produce to any of those places; there is no prohibition in this respect. In the French West India Islands, American shipping is admitted indiscriminately with their own, but then the articles which are allowed to be carried there are few and of little value; they are lumber, live stock, and fish; the latter subject to a heavy duty.

To some States it is highly beneficial that their productions should be carried off to the West Indies, although in British bottoms ; but then it ought to be remembered that the articles calculated for the consumption of the Islands are of such a nature that they cannot be obtained elsewhere ; so that it may be fairly inferred the admission of them is not intended as a favor to America."

In another speech he remarked : —

*A Change in the Channels of Trade.* " One effect of the late glorious Revolution was, to deprive the merchants of America of most of the channels of commerce which they had before pursued. This circumstance obliged them to search for other sources to employ their vessels in. It had been discovered that a lucrative trade could be carried on in the East ; the merchants have gone largely into it ; and it at present gives employment to some thousand tons of American shipping and seamen ; our success has been so great as to excite the jealousy of Europe ; and nothing is left undone to cramp or prevent our commercial operations in that quarter. The Legislature of Pennsylvania, impressed with the importance of the subject, had granted it 'aid,' by *discriminating in the manner he proposed to the committee* ; and with the like aid from the Government of the United States, the merchants may no longer fear the machinations of the opulent companies in Europe, who are unwilling to let us partake of a trade they have so long had a monopoly of. Already the trade to India has had a very happy effect in favor of our inhabitants, by reducing commodities brought from thence to *one half* of their former price, and yet a sufficient profit is left to enable those concerned to carry it on with advantage."<sup>1</sup>

Our strong and helpful friend in closing the contest for Independence was France. We had a treaty of alliance with her, and expected much from her liberality in respect to navigation. It was thought desirable to favor the French in fixing our duties on tonnage. The situation was thus described by Mr. Madison : —

<sup>1</sup> The first voyage of an American ship — "The Empress of China" — was made to Canton in 1781. In 1789, fifteen of our ships arrived there.

*A Restricted Ship Market.* "Some gentlemen have seemed to call in question the policy of discriminating between nations in commercial alliance with the United States and those with whom no treaties exist. For my own part, I am well satisfied that there are good and substantial reasons for making it. In the first place, it may not be unworthy of consideration, that the public sentiments of America will be favorable to such discrimination. I am sure, with respect to that part from which I come, it will not be a pleasing ingredient in our laws, if they find foreigners of every nation put on a footing with those in alliance with us. There is another reason, which, perhaps, is more applicable to some parts of the Union than others ; one of the nations with which America has formed commercial connections has relaxed considerably in that rigid policy it before pursued — not so far, to be sure, as America could wish, with respect to opening her ports to our trade ; but she has permitted our ready-built ships a sale, and entitles them to the same advantage, when owned by her own citizens, as if they had been built in France, subjecting the sale to a duty of 5 per cent. The British market receives none ; the disabilities of our ships to trade with their colonies, continue, even if they are purchased by the subjects of Great Britain ; of consequence, they cannot be sold without a considerable loss. Nay, so cautious are they to prevent the advantages we naturally possess, that they *will not suffer a British ship to be repaired in America*, beyond a certain proportion of her value ; they even *will not permit our vessels to be repaired in their ports.*"

In framing the first tariff bill, Mr. Madison favored a discriminative duty as to certain articles the product of French and British industry, respectively. He cited the fact that his State admitted "brandy from France in either French or American bottoms" free of duty, "whilst the duty on rum (from the British West Indies) is 6 pence per gallon." Part of his argument ran as follows : —

*British Policy towards America.* "Let us review the policy of Great Britain towards us. Has she ever shown any disposition to enter into reciprocal regulations ? Has she not, by a temporizing policy, plainly declared that until we are able and

willing to do justice to ourselves, she will shut us out from her ports, and make us tributary to her power? Have we not seen her taking one legislative step after another to destroy our commerce? Has not her Legislature given discretionary power to the Executive, that so she might be ever on the watch, and ready to seize every advantage the weakness of our situation might expose? Have we not reason to believe she will continue a policy void of regard to us, whilst she can continue to gather into her lap the benefits we feebly endeavor to withhold, and for which she ought rather to court us by an open and a liberal participation of the commerce we desire? Will she not, if she finds us indecisive in counteracting her machinations, continue to consult her own interests as heretofore? If we remain in a state of apathy, we do not fulfill the object of our appointment; most of the States in the Union have, in some shape or other, shown symptoms of disapprobation of British policy. Those States have now relinquished the power of continuing their systems, but under an impression that a more efficient Government would effectually support their views. If we are timid and inactive, we disappoint the just expectations of our constituents, and I venture to say we disappoint the very nation against whom the measure is principally directed."

*Principal Section of the British Navigation Law.* When it is considered that three fourths of our commerce was with England; that she had to modify her famous Navigation Law to admit a single vessel of ours with our own products; and that she did this annually, refusing to do it permanently, it may be judged that only stout hearts would undertake to carry it on with American vessels, or to regulate our trade in order to protect their employment. Here is the principal section of the Act which gave England her start as the autocrat of the carrying trade:—

"Act 12th Charles II., Chapter 18, Section 3. And it is further enacted, etc., that no goods or commodities whatsoever of the growth, production, or manufacture of Africa, Asia, or America, or of any part thereof, which are described or laid down in the usual maps or charts of those places, be imported into England, Ireland, or Wales, Islands of Guernsey and Jer-

sey, or town of Berwick-upon-Tweed, in any other ship or ships, vessel or vessels whatsoever, but in such as do truly and without fraud, belong only to the people of England or Ireland, dominion of Wales, or town of Berwick-upon-Tweed, or of the lands, islands, plantations, or territories in Asia, Africa, or America, to his Majesty belonging, as the proprietors and right owners thereof, and whereof the master and three fourths at least of the mariners are English, under the penalty of the forfeiture of all such goods and commodities, and of the ship or vessel in which they were imported, with all her guns, tackle, furniture and apparel — one moiety to his Majesty, his heirs and successors, and the other moiety to him or them who shall seize, inform, or sue for the same, in any court of record, by bill, information, plaint, or other action, wherein no essoine, protection, or wager of law, shall be allowed."

By this law, only the nations of *Europe* could carry their own products or manufactures into British ports in their own vessels. The rest of the nations and all other parts of the world were dependent on British shipping. So were all the Colonies of Great Britain, and the British domestic trade. The monopoly set up by this law violated the right of every people excluded from the carriage of their own merchandise to market. It was in acknowledgment of this principle that British ports opened at all to American vessels after the granting of Independence. But this principle was not recognized at the Colonial ports, nor was it conceded that the United States had *a right* in the premises — only a privilege to be granted or withheld at the pleasure of the "King."



## CHAPTER V.

### OUR EARLY SHIPPING POLICY — ITS PRINCIPLE AND MEASURES.

*Commercial Views of our Early Statesmen.* Deeply impressed with the importance of navigation, of being at once our own merchants and carriers, our own shipbuilders and navigators, our own sentinels and defenders on the ocean, the founders of our Government had long studied the principles of equitable commerce. They did not approve the British system, but felt that it should be improved. They had only such regulations as the different States had originated. They would have to form a system for the Federal Government to enforce. In contrast with others, its principles must be just and reasonable, not selfish and monopolistic. For instance, in the words of Madison, "We were prohibited by the British laws from carrying to Great Britain the produce of other countries from their ports; or our own produce from the ports of other countries; or the produce of other countries from our own ports; or to send our own produce from our own or other ports in the vessels of other countries."

Our early statesmen believed in "fair commerce," which was thus stated by BENJAMIN FRANKLIN: —

"Fair commerce is where equal values are exchanged for equal, the expense of *transportation* included. Thus if it cost A in England as much labor and charge to raise a bushel of wheat as it costs B in France to produce four gallons of wine, then are four gallons of wine the fair exchange for a bushel of wheat; A and B meeting at *half-distance* with their commodities to make the exchange. The advantage of this fair commerce is, that each party increases the number of his enjoyments, having, instead of wheat alone, or wine alone, the use of both wheat and wine."

Our early legislators differed less about navigation than almost any other subject. Their teaching on this topic seems to teem with philosophy, as practical as patriotic. To illustrate, Rufus King, a veteran senator from New York, in his great speech on the Navigation Bill of 1818, said : —

*Speech of Rufus King.* “Agriculture, manufactures, and foreign commerce are the true sources of wealth and power of nations ; agriculture is the chief and well-rewarded occupation of our people, and yields in addition to what we want for our use, a great surplus for exportation. Manufactures are making a sure and steady progress ; and, with the abundance of food and of raw materials, which the country affords, will, at no distant day, be sufficient, in the principal branches, for our own consumption, and furnish a valuable addition to our exports.

“But without *shipping and seamen*, the surpluses of agriculture and of manufactures would depreciate on our hands ; the cotton, tobacco, breadstuffs, provisions, and manufactures, would turn out to be of little worth, unless we have ships and mariners to carry them abroad, and to distribute them in the foreign markets.

“Nations have adopted different theories, as respects the assistance to be derived from *navigation* ; some have been content with a passive foreign commerce — owning no ships themselves, but depending on foreigners and foreign vessels to bring to them their supplies, and to purchase of them their surpluses ; while others, and almost every modern nation that borders upon the ocean, have preferred an active foreign trade, carried on, as far as consistent with the reciprocal *rights of others*, by national ships and seamen.

“A dependence upon foreign navigation subjects those who are so dependent to the known disadvantages arising from foreign wars, and to the expense and risk of the navigation of belligerent nations — the policy of employing a *national shipping* is, therefore, almost universally approved and adopted ; it affords not only a more certain means of prosecuting foreign commerce, *but the freight, as well as the profits of trade*, are added to the stock of the nation.

"The value and importance of national shipping and national seamen have created among the great maritime Powers, and particularly in England, a strong desire to acquire, by restrictions and exclusions, a *disproportionate share* of the general commerce of the world.

*The True Theory of Commerce.* "As all nations have *equal rights*, and each may claim *equal advantages* in its intercourse with others, the *true theory* of international commerce is one of *equality*, and of *reciprocal benefits*. This gives to enterprise, to skill, and to capital, their just and natural advantages; any other scheme is merely artificial; and so far as it aims at advantages over those who adhere to *the open system*, it aims at profit *at the expense* of natural justice.

"The Colonial system being founded in this vicious theory, has, therefore, proved to be the fruitful source of dissatisfaction, insecurity, and war. According to this system, the colonists were depressed *below the rank* of their fellow subjects, and the fruits of their industry and their intercourse with foreign countries placed under different regulations from those of the Mother Country; it was the *denial* to Americans *of the rights* enjoyed by Englishmen, that produced the American Revolution, and the same cause, greatly aggravated, is working the same effect in South America.

"Among the navigators and discoverers of the Fifteenth and Sixteenth centuries, the Dutch became highly distinguished, and, by *enterprise*, *economy*, and *perseverance* made themselves the carriers of other nations, and their country the entrepôt of Europe — and it was not until the middle of the Seventeenth century, that England passed her Navigation Act,<sup>1</sup> which had for its object to curtail the navigation of the Dutch and to extend her own. . . .

"This act was strenuously opposed by the Dutch, and proved the occasion of the obstinate naval wars that afterward followed.

<sup>1</sup> "*Origin of the 'Navigation Act' (1646-7).* By an ordinance of the Lords and Commons of England, all merchandise, goods and necessaries, for the American plantations, were exempted from duty for three years, on condition that no ship or vessel, in any of the colonial ports, be suffered to land any goods of the growth of the plantations, and carry them to foreign ports, *excepting in English bottoms.*" McGregor's *Statistics of America*.

England was victorious, persisted in her Navigation Act, and, in the end, broke down the monopoly in trade which the Dutch possessed.

“That in vindication of her equal right to navigate the ocean, England should have resisted the monopoly of the Dutch, and freely expended her blood and treasure to obtain *her just share* of the general commerce, deserved the approbation of all impartial men. But having accomplished this object, that she should herself aim at, and in the end establish, the same *exclusive* system and on a more extensive scale, is neither consistent with her own laudable principles, nor compatible with *the rights of others* ; who, relatively to her monopoly now, are in the like situation towards England in which England was towards the Dutch, when she asserted and made good her rights against them.”

*Genesis of our “Navigation Laws.”* The Federal Congress began its legislative work April 8, 1789, Mr. Madison proposing to the Committee of the Whole on the state of the Union a tariff measure with a scale of duties substantially the same as attempted in 1783, and afterward agreed to by many of the States. The last three resolutions looked to the encouragement of the carrying trade by discriminating *tonnage duties* : —

“That there ought, moreover, to be levied on all vessels in which goods, wares or merchandise shall be imported, the duties following, viz. : On all vessels built within the United States, and belonging wholly to citizens thereof, at the rate of — per ton.

“On all vessels belonging wholly to the subjects of powers with whom the United States have formed treaties,<sup>1</sup> or partly to the subjects of such powers, and partly to citizens of the said States, at the rate of —.

“On all vessels belonging wholly or in part to the subjects of other Powers, at the rate of —.”

This plan of discriminating tonnage duties was James Madison's contribution to shipping protection. His measure as a whole was intended for speedy passage, that revenue might be soon received, but the representatives, dividing in opinion as to the wisdom of temporary legislation, it was determined, practi-

<sup>1</sup> At that time France and Holland only.

cally, to make the tariff system of Pennsylvania, perfected in 1785, the basis of a *permanent national system*, as advocated by Mr. Fitzsimons of that State. Fitzsimons's list of articles to be taxed specifically was added to the list offered by Madison. (This act was revised in 1790.)

The shipbuilding interest was early considered. Mr. Madison said he was "not clear as to the policy of taxing cordage." He thought *shipbuilding* "an object worthy of legislative attention, and questioned the propriety of raising the price of any article that entered so materially into the structure of vessels. But if it was politic to lay an impost on cordage, would it not be the same with regard to hemp?" (He thought it would and therefore moved it.)

This being objected to, Madison reiterated his objection to taxing cordage. He was "doubtful whether it would not have been as well to have left cordage out; for if a duty on hemp was impolitic because it burdened navigation, so also was that on cordage." He by no means approved of measures injurious to shipbuilding, which he considered in a threefold view; "first, as it related to vessels employed in the coasting trade; second, as it respected those employed in those channels of trade, the stream of which depends upon the policy of foreign nations; and, third, as it was connected with vessels built for sale." The House had just listened to a petition of the shipwrights of Charleston, S. C., stating their distress, and asking for encouragement to navigation and to shipbuilding.

*Discriminating Duties in the Asiatic Trade.* On April 18, Mr. Fitzsimons introduced a feature of shipping encouragement that was adopted and proved highly successful. He moved the following *discriminative duties* to be embodied in the bill under discussion: "On all teas imported from China or India, in ships built in the United States, and belonging wholly to a citizen or citizens thereof, as follows: On Bohea tea per pound, 6 cents; on all Souchong and other black teas, 10 cents; on superior green teas, 20 cents; on all other teas, 10 cents.

"On all teas imported from any other country, or from China or India, in ships which are not the property of the United States, as follows: On Bohea tea, per pound 10 cents; Souchong

and other black teas, 15 cents; on superior green teas, 30 cents; on all other green teas, 18 cents per pound."

Mr. Fitzsimons supported this proposition briefly, referred to the action of the Pennsylvania legislature on this line, and stated the good effects already witnessed. We were already commanding the direct carrying trade with the Far East, and the Federal Government would of course continue the State policy. Mr. Fitzsimons was, as he had before this described himself, "a friend of commerce — *it was his particular profession*" — but he was also an experienced legislator. He well knew wherein the efficacy of his measure lay, and why it was sound and safe. Mr. Madison happened not to have the practical knowledge to judge aright this case, which seemed new to him; however he stated his impressions.

He "felt a reluctance," he said, "in being obliged to state his reasons why he doubted the policy" of the proposed measure. "What," said he, "is its object? It is not to add to the revenue, for it will, in fact, tend to diminish it, in that proportion which the importation from China lessens that from other parts; it is not to increase our commerce, for long voyages are unfriendly to it (?); it is not to increase the importation of necessary articles, for India goods are mostly articles of luxury; it is not to carry off our superfluities, for these articles are paid for principally, if not altogether, in solid coin. If the trade is beneficial at all, it must be in this single point, that the articles can be imported cheaper through that channel than any other; and if so, that it is the interest of the people to be supplied as cheap as possible. It is not in the nature of things that we should derive any other advantage than the one I have mentioned, without it is that of raising our India commerce from its weak and infantile state to strength and vigor; to enable it to continue supplies at a cheaper rate than they could otherwise be obtained."<sup>1</sup>

Mr. Goodhue, of Mass., replied to Mr. Madison's observations as to the mode of paying for India goods, by informing the Committee, that "very considerable quantities of ginseng, naval

<sup>1</sup> Some years afterward Mr. Madison spoke in high approval of this measure.

stores, lumber and provisions were shipped; other articles were sent also, and disposed of at ports on this side of China, in order to procure the most suitable cargo, so that we do not pay principally for their commodities in 'solid coin,' but send off superfluities to a considerable amount, *much more* than if we were to procure our teas and nankeens from any part of Europe."

Mr. Boudinot, of N. J., another merchant, declared himself "a friend to India commerce." He said, "it encouraged the *employment* of shipping, and increased our *seamen*; he knew its advantages to agriculture. The gentleman from Virginia supposed but little of our productions were sent in exchange for India goods, but our beef, pork, flour and wheat were shipped for this purpose, not to China, yet to ports where proper cargoes were taken in to answer the trade. Encouragement and *protection* were necessary to prevent the large companies in Europe from underselling our merchants, which they would readily do, at considerable loss, if they could, in consequence, put a stop to our trade. He hoped, therefore, the Committee would not hesitate in adopting the motion."

The record is, "the motion was adopted accordingly," and thus it was, that the encouragement of the new and direct trade with India and China became the *first stroke* in our early shipping policy. When the tariff bill was before the Senate, afterward, a committee considered the expediency of adding a clause prohibiting importations from China or India by foreign vessels, but the report was adverse. However, other amendments were made.

*Discriminating Tonnage Duties.* Soon afterward, Mr. Madison's tonnage-tax resolutions were taken up. A motion being under consideration, for laying a duty of 6 cents per ton on all vessels built in the United States, and owned by a citizen or citizens thereof, and on all vessels foreign-built, but now owned by such citizens; Mr. Madison observed, that "some small provision of this kind was necessary for the support of lighthouses, hospitals for disabled seamen and other establishments incident to commerce." *But for these purposes no tax at all would have been laid on our own tonnage*, but all duties reserved for foreign vessels. The motion was agreed to.

The next proposition was : "On all vessels belonging wholly to subjects of Powers in alliance with the United States, and partly to the citizens of the United States, — per ton." As this involved the practice of discrimination between nations, it gave rise to a prolonged debate, both in Committee and House. When the bill reached the Senate, this feature met with almost unanimous disapproval, and the House had to recede to save the measure. In anticipation of this opposition, and to hasten the passage of the tariff measure proper, it was deemed best to put the tonnage provisions into a separate bill. Accordingly, a committee of three — Wadsworth of Conn., Heister of Pa., and Seney of Md. — were appointed to frame the same on the lines agreed upon.

*Discrimination in Tariff Duties.* Meantime, and before the third reading of the tariff bill, Mr. Smith, of Md. (a merchant of Baltimore), in Committee of the Whole, moved "to add a clause allowing a *drawback of ten per cent.* on the duty payable on all goods imported in American vessels, owned and navigated according to law, by citizens of the United States," which was carried by a vote of 30 to 16. The amended bill was then agreed to by the House. So, a general discrimination in tariff duties, favoring the employment of our own flag in the carrying trade, became the *second feature* in our shipping system. In the tariff act of 1794 the method of discrimination was changed, the ten per cent. was made an *extra duty* on importations by *foreign vessels*. Except in cases where it has been suspended by reciprocity conventions and due proclamations by the President, this provision of the law comes down to the present time. As we have seen, a few of the States had adopted this form of regulation. It was complained of as ineffective in procuring our vessels cargoes of *salt or coal* in foreign countries, but for more valuable commodities, paying a higher scale of duties, this simple provision formed an effective inducement for the freighting of our vessels in foreign ports, when homeward bound. It made the American ship *the preferable vessel* for carrying to the United States. It conferred a command of employment, and enabled our vessels to bid low for export cargoes, since they would seldom have to return in *ballast*.



*Passage of the Tonnage-Duty Bill.* The tariff measure passed the House May 17 ; the tonnage-duty bill was reported on the 25th May. On the 29th, it was passed and ordered sent to the Senate. It took much debate to get it on the statute book, the difficulty existing in the feature of discrimination between nations, which the House, under the lead of Madison, determined should be incorporated. The House had to yield or lose the bill, as the Senate was equally determined to reject the distinction as impolitic. As for the duties, senators thought them low ; they would have concurred in higher. The provisions of the tonnage bill were as follows : —

“ On all ships or vessels built within the United States and belonging wholly to a citizen or citizens thereof ; or not built within the said States, but on the 29th day of May, 1789, belonging, and during the time such ships or vessels shall continue to belong wholly to a citizen or citizens thereof, at the rate of *six* cents per ton. On all ships or vessels hereafter built in the United States, belonging wholly, or in part, to subjects of foreign powers, at the rate of *thirty* cents per ton. On all other ships or vessels, at the rate of *fifty* cents per ton.

“ Sec. 2. Provided always, that no ship or vessel built within the aforesaid States, and belonging to a citizen or citizens thereof, shall, whilst employed in the coasting trade, or in the fisheries, pay tonnage more than once in any year.

“ Sec. 3. That every ship or vessel employed in the transportation of any of the produce or manufactures of the United States *coastwise* within the said States, except such ship or vessel be built within the said States, and belong to a citizen or citizens thereof, shall, on each entry, pay *fifty* cents per ton.”

Here we have another instance of the Senate refusing to *prohibit* trade. The House bill reserved the coasting trade to vessels built within the United States, and belonging to citizens. The Senate provided a *tax* that soon accomplished the exclusion desired. The Senate, also, much improved the House tariff bill respecting the importation of Asiatic goods. The provisions were as follows : —

“ On all teas imported *from China or India*, in ships built in the United States, and belonging to a citizen or citizens thereof,

or in ships or vessels built in foreign countries, and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation, as follows: On Bohea tea per pound, 6 cents; on all Souchong or other black teas, per pound, 10 cents; on all Hyson teas, per pound, 20 cents; on all green teas, per pound, 12 cents.

“On all teas imported *from Europe* in ships or vessels built in the United States, and belonging, etc., as follows: On Bohea tea, 8 cents; Souchong and other black, 18 cents; on all Hyson, 26 cents; on all other green, 16 cents per pound.

“On all teas imported *in any other manner*, than as above mentioned, as follows: On Bohea tea, 15 cents; on all Souchong or other black, 22 cents; on all Hyson, 45 cents; on all other green, 27 cents per pound.

“On all goods, wares, and merchandise, other than teas, imported from China or India, in ships not built in the United States, and not wholly the property of a citizen or citizens thereof, nor in vessels built in foreign countries, and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation, 12½ per centum ad valorem.”

Section 3 provided for 99 per cent. rebate of duties on imports reexported within one year. Section 4 allowed a drawback on duties paid on imports of salt that had been exported in salted fish or provisions. Section 5 put the “drawback,” or general discriminating duty, in the following form:—

“That a *discount of ten per centum* on all the duties imposed by this act shall be allowed on such goods, wares, and merchandise as shall be imported in vessels *built in the United States*, and which shall be wholly the property of a citizen or citizens thereof, or in vessels built in foreign countries, and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation.”

*The Registry Act in support of Shipbuilding.* While the foregoing acts relate to the encouragement of the *carrying trade*, it will be seen that they carried a convenient support to American shipbuilding. After their passage, this subject was taken

up, and a registry act became law September 1, 1789. Its provisions were mainly these: Vessels built in the United States, and belonging wholly to a citizen or citizens, or not built in the United States, but on the 16th day of May (1789) belonging to a citizen, or citizens, and thereafter continuing so, of which the master is a citizen, and no other, shall be deemed and taken to be a ship of the United States, and entitled to benefits of law as such. Tonnage admeasurement rules were also provided. These were superseded in 1864. The "old rule" was an improvement of the British in use at the time. It sought to find and express the tonnage of a vessel in terms of *burden* — what she could carry. (The new rule of 1864, similar to the British of 1854, computes the *capacity* — a "ton" being one hundred cubic feet of cargo or passenger space. Sail vessels will carry *four to eight tenths* more deadweight than they register, net; steamers carry less.) In respect to foreign-owned, but American-built vessels, the act of 1789 provided for their recording: at the custom-house, upon the builder's oath giving certain particulars.

A subsequent act — of 1792 — is generally referred to as the one for the protection of shipbuilding, and it has become a popular error that this trade had no prior patronage from the Government. The act of 1792 reenacted the provisions of the original and added others, mainly to record as American vessels, "ships or vessels which may hereafter be captured in war" by American citizens, "and lawfully condemned as prize; or which have been or may be adjudged to be forfeited for a breach of the laws of the United States, being wholly owned by a citizen or citizens thereof." Registry was confined to actual residents, unless abroad as consul or as agent of "a house in trade." Vessels "built after March next" must produce a certificate under the hand of the principal or master carpenter, testifying to her building, and specifying when and where, and describing her build, etc. Vessels sold foreign must be reported by owners.

*Our Navigation System as Originated.* Such were the measures comprising the "Navigation Laws" of the United States, worked out and established by the first Congress sitting under the Constitution, and using the powers given in clause 8,

of section 8, of article 1, which reads as follows: “ *To regulate commerce with foreign nations*, and among the several States, and with the Indian tribes.” That the President, the Senate, and House understood the purpose of this clause is indisputable. Washington had been the President of the Constitutional Convention ; Senators John Langdon, of New Hampshire ; William S. Johnson, of Connecticut ; Robert Morris, of Pennsylvania ; William Few, of Georgia ; William Paterson, of New Jersey ; Richard Bassett and George Read, of Delaware ; Rufus King, of New York ; and Pierce Butler, of South Carolina, — 9 out of 22 members — had been delegates of the Constitutional Convention ; so, likewise, had been Representatives Abraham Baldwin, of Georgia ; George Clymer and Thomas Fitzsimons, of Pennsylvania ; Daniel Carroll, of Maryland ; Nicholas Gilman, of New Hampshire ; Roger Sherman, of Connecticut, and James Madison, Jr., of Virginia, the statesman to whom the country was most indebted for the calling of the convention.

It has been common, for want of knowledge, to blame our “ navigation laws ” for the decline and ruin of our foreign carrying trade ; whereas, but for these laws and their favorable operation, a tolerable trade we would have never had. The chief criticism has been, that the shipbuilding trade was *protected* — if owners could buy their vessels abroad and the Government would nationalize them, then they could compete with foreigners. If this assumption were true, *the National interest* — sound economy and enlightened policy — would forbid the course suggested. The navigation laws of our country, like most others that we receive from the hands of Congress, must needs exist, and must be framed and enacted for *National* purposes. They cannot, in reason, be suited to advance the fortunes of special classes at the risk, and to the detriment of the *Nation*. To a maritime State, shipbuilders, with their mechanic forces, are just as essential as shipowners, with their nautical power, in the development of carrying capability, or in the attainment of naval strength. Our difficulty is not, that any part of the regulations of the fathers remains, but that any part has been suspended or repealed, and the harmony of operation destroyed. The regulation of commerce should be restored.

## CHAPTER VI.

### AN EFFORT TO FURTHER ENCOURAGE NAVIGATION.

*Increase of Duties on Foreign Shipping.* The House of Representatives, responding to Washington's first annual address, January 12, 1790, said: —

“ We concur with you in the sentiment that agriculture, commerce and manufactures are entitled to legislative protection.”

In some parts of the Union the acts of July 4th and 20th, 1789, had encouraged commercial enterprise, the shipyards showed signs of life, but it was not yet certain that we had handicapped sufficiently the foreign vessels entering into our trade. A strong petition from Portsmouth, N. H., praying for an increase of tonnage tax on foreign shipping became the subject of a report to the House, May 10, 1790.

Mr. Smith, of S. C., moved to strike out the first clause of the measure proposed, which was that the duty on foreign vessels be raised from 50 cents to \$1 per ton. In his view this increase would be at the cost of the Southern States. “ The navigating States had already obtained considerable favors ; their vessels paid only 6 cents, while foreigners paid 50 cents ; even when sold to foreigners they paid only 30 cents ; they had a monopoly of the coasting trade, and the East India trade, and goods imported in American bottoms were entitled to a discount of 10 per cent. on the duties. They had by nature every advantage in shipbuilding ; they could build for nearly *one half* the sum it would cost in Europe ; they had all the materials for building and equipping at hand, and yet they were not satisfied, but were pressing for further benefits.<sup>1</sup> At least they should wait to learn the effects of the laws passed last session.”

<sup>1</sup> These were not the facts except as to England. For large vessels, anchors and chains, bolt fastening, rigging and sails were imported.

Mr. Fitzsimons, of Pa., in reply said: "The agricultural interest was fully represented in Congress. The agriculture of the country, notwithstanding the duty on foreign tonnage, had not suffered; on the other hand, he would appeal to gentlemen from all quarters, whether the produce of the country had ever been in greater demand, or had sold for a better price.

"One object of the report was to encourage the important business of shipbuilding — the materials were of small value in themselves contrasted with the price of a ship. The operation of the tonnage act had been advantageous to trade. The benefits of the Revolution are yet to be realized by the Eastern States; the Southern have the ports of the world open to them; the Eastern are excluded from ports they formerly traded to with their exports. He did not favor a prohibitive duty, at the same time it was a great misfortune to have the carrying trade monopolized by foreigners."

Mr. Williamson, of N. C., favored the increase of duty. Mr. Jackson, of Ga., opposed it — "We had already gone far enough."

Mr. Page, of Va., differed with his colleague (Mr. White), the tonnage duty proposed by the Committee (on petition) being "the very same which Virginia actually laid on British bottoms, cannot be too high, as that experiment was attended with happy effects, although made by that State alone. British merchants immediately giving that freight to Virginia ships, which, till then, was refused them, and without increasing the freight in British bottoms. Indeed, I thought the freight was rather lowered by it, until a gentleman from Virginia, who was here when I mentioned these circumstances the last session, told me I was mistaken. . . . One dollar is the sum I wished to have voted the foreign tonnage at last session; I have heard no argument to alter my opinion. . . . The fears of the gentlemen from South Carolina and Georgia are groundless.

"I believe it is the interest of the Southern States that shipbuilding should be encouraged to the utmost extent in the United States. The fine timber they have would then be sold to advantage in the form of ships, instead of being destroyed or thrown away under the name of lumber, or in trifling staves.

. . . It is their interest that their sister States should carry for them, instead of foreigners. Under the late Confederation, when each State was proud of its separate sovereignty and independent interest, and viewed each other with a jealous eye, I have heard harsh expressions respecting the growing naval strength of the Eastern States; but under the present Government there is no reason for such reflections; their strength is the strength of the Union; and in this respect they are to the United States what Holland is to the United Provinces. I affirm again, sir, that we are in no danger from the retaliation of Britain; and we may with more propriety raise the tonnage tax than increase the duties on articles."

May 12, the motion for striking out the clause proposing a tax of *one dollar* per ton on foreign vessels was negatived, as was another motion to insert 75 cents in place of one dollar.

May 13, Mr. Smith, of S. C., moved to postpone collection of the increased duty until January 1, next; this was agreed to. Mr. Madison said he was friendly to the proposition, but he doubted much the policy of laying this duty on the shipping of France, a country that favored our vessels in several respects. He wished a discrimination in favor of the French. The resolution was amended to favor "treaty nations."

May 14, Mr. Madison moved an addition to the resolution of May 13, viz.: "that from and after the —— day of —— next the tonnage on all such vessels be raised to ——; and from and after the —— day of —— next no such vessel be permitted to export from the United States any unmanufactured article being the growth of produce thereof."

*British Policy criticised.* A spirited debate ensued. Mr. Hartley, of Pa., favored the discrimination. "In private life," said he, "the man who shows himself my friend, I should affectionately regard. To the man who treats me with esteem, I wish to make a proper return; but the man who is *vindictive*, and strives to ruin my interest and my property, I would endeavor to counteract or oppose by measures which might defeat his purpose. The same principles of conduct may, perhaps, be fairly applied to nations. I feel no enmity towards Great Britain, so long as she treats this country with the justice and

respect due to us ; but she seems indirectly, nay, I might almost say directly, by her policy and regulations, *to attack our ship-building, navigation, and commerce*, and wishes to injure our interests and our property. We have a right to oppose her by counter regulations, or by a system which may induce her to examine the subject, to correct her errors, and to do us justice. Past injuries may be forgiven. I will agree that those of the war shall be in the dust. But when I agree that the injuries of one nation shall be *in the dust*, I must also observe that our friendship for another nation, who served and relieved us in distress, *should be in marble*.

“ At the last session, it was said that Britain was disposed to do us justice, and relax from some of the policy she had practiced. We were desired to wait, and all should be well. We waited, but at this session we cannot learn from any authentic documents that she has stirred in the smallest degree. Since the adoption of the new Constitution and the formation of this Government, Great Britain has experienced many advantages ; she has gained much by the sweets of commerce. This Government has shown the fullest disposition to comply with the spirit of the treaty (of peace). We have established tribunals of justice, in which British subjects may recover satisfaction for any demands they may have against the individuals of these States, without the smallest danger or partiality or injustice. What has she done in return ? She has been civil in some instances, for which we give her credit ; *for her friendship or justice we cannot say so much*. The attack upon our commerce has been spoken of before. *Why has she not given up the posts ?* She still retains them, *though by solemn treaty* she was bound to deliver them up ; and to the want of these posts we may, in a great measure, impute *the depredations and murders* of the savages upon our Western frontiers. I do not say that the British countenance or support those invaders ; but were the posts in our hands a great check might be given to such enormities. It has been observed that we risk much by adopting the resolution ; a commercial warfare might turn out ruinous to America. If our risk is great, that of Britain will be greater ; she has immense capitals in this trade ; we import



many of her luxuries; we are chiefly clothed in her manufactures, and I think it will be difficult, if not almost impossible, for her merchants to change those capitals into other channels, so as to be equally productive. I shall vote for the resolution."

*The Danger of Retaliation.* Mr. Sedgwick, of Mass., thought this measure was one of great impropriety. Said he, "we are declaring against one country in favor of another; for what purpose? Do gentlemen expect that France will aid our carrying trade; I believe not. The consequence would probably be advantageous to Massachusetts, but very injurious to Georgia." Mr. Smith, of S. C., thought it very impolitic to enter into commercial warfare with Great Britain. "We ought not to condemn her for following her usual policy in her navigation laws; they are not particularly aimed at us; her Navigation Act was originally aimed at the Dutch. . . . We should not resent the policy of Great Britain in supporting her own navigation laws."

*The Answering Speech of Madison.* Mr. Madison replied to the several arguments against his motion. "It had neither been dictated by passion, nor supported with passion; he considered it a cool and proper measure. As to the distinction between nations, this was not in his present proposition — but we were the less restrained from making the distinction, because the Nation against which the measures were designed to operate, had not hesitated to *set the example*. He had before shown, that the principle on which the trade with the West Indies was regulated by Great Britain, was a *departure* from the principle of her Navigation Act: according to that act, all other nations were allowed to carry directly their own produce *in their own vessels*, wherever *the same trade* was allowed by the act to *British vessels*. A gentleman from Pa. was afraid the measure was too bold a one. But why was it too bold, if, as the weighty information and arguments of the gentleman himself had shown, there was no danger? — if the existence of the West Indies, and the prosperity of Great Britain depended so materially on the trade with the United States, that it would be madness in her to hazard an interruption of it?"

Mr. Madison then proceeded to review the European and West India commerce of the United States — imports from Europe were about £3,039,000 ; from the West Indies, £927,438 ; total, £3,966,438. The exports to Europe, £3,203,448 ; to the West Indies, £941,952 ; total, £4,244,000.

“ He stated the export and return freight to Europe to be estimated at £500,000 ; to the West Indies, £250,000 ; total, £750,000. For the return freight, which was estimated at one tenth of the export freight, he deducted £45,454 10s. which left for the value of the export freight to Europe £454,545 10s. By applying a like rule to the West India freight, he made the total export freight to amount to £681,818 5s. ; of this he computed *two thirds*, or £454,545 10s. to be enjoyed by British vessels. He noticed here, that the proportion of foreign to British tonnage employed in the exports of Great Britain was stated by Lord Sheffield as no more than *one to twelve* — (7.7 per cent.).

“ The amount of freight at £2 per ton employs 227,272 tons of shipping ; allowing two voyages a year, 568 vessels of 200 tons burden each. This shipping, allowing six men to a hundred tons, employs 6,816 seamen ; or allowing one man to 15 tons, which was perhaps a better estimate, 7,575 seamen.

“ He asked whether it was conceivable that Great Britain would give up all these advantages, rather than put the commerce of the two countries on such footing as would be reasonable and reciprocal ? Whether she would throw away, and into her rival's hands, too, a freight of near half a million sterling ? Whether she would bear to see between five and six hundred vessels rotting in port, or sold to others to be employed in the business sacrificed by her ? What would become of 7 or 8,000 seamen, thus turned out of employment ? And whether they would not enter into the service of other nations, and particularly of the United States ? . . .

“ He added, as a consideration which he thought of great weight, that in case any negotiations should take place it would put our Executive on proper ground. At present the trade with Great Britain was precisely in that situation which her interest required, and *her King could*, moreover, *regulate it* according

to circumstances. On our part, the Executive could neither offer nor withdraw anything. He could offer nothing, because Great Britain was already in possession of every commercial privilege she desired. He could not say, give us *reciprocal privileges*, or yours shall be withdrawn, because this must be done by a legislative act. By passing the act proposed, the Executive will be enabled to speak a language proper for the occasion. He can say, if you do not give the United States proper privileges, those given to you shall not be continued."

Mr. Fitzsimons observed, that notwithstanding all that Mr. Madison had said, he could not help considering the measure as a very bold one. "Great Britain maintains her West India islands at an expense which no other nation can support. This system she must persevere in at all risks and hazards, and she will do it. The ships of this country are not, and will not, for several years, be sufficient to export the produce of the United States, and if we exclude the British shipping, our produce must remain on our hands. . . . To encourage our own shipping, he thought the enhanced duty on tonnage was prudent; but beyond that he could not think himself justified in going."

Mr. Williamson, of N. C., then stated some facts respecting a commercial treaty on the point of being made soon after the conclusion of the treaty of peace, 1783. "The British minister got information that we had already opened our ports to British ships, so he broke off negotiations. Getting for nothing all that a treaty would give, why should England bind herself, and thus aid a rival?" This incident seems a perfect illustration of the historic conduct of John Bull and Brother Jonathan—the one illiberal, the other free, in respect to shipping matters. After further debate, "the Committee reported the following resolution, which was agreed to: "

*Resolutions concerning Navigation and Trade.* "That the tonnage on all foreign-built bottoms belonging to nations not in commercial treaty with the United States, be raised to the sum of one dollar per ton from and after the first day of January next; and that from and after the                      day of                      the tonnage on all such vessels be raised to                      ; and that from and after the                      day of                      no such vessel be permitted

to export from the United States any unmanufactured article, being the growth or produce thereof; provided that this resolution shall not be extended to the vessels of any nation which permits the importation of fish or any other salted provision, grain and lumber in vessels of the United States."

"Ordered, that a bill or bills be brought in, pursuant to said resolution, and that Messrs. Madison, Sedgwick and Hartley do prepare and bring in the same."

On May 17, 1790, Mr. Madison reported the bill. Its consideration brought on a debate, and the first clause was rejected on account of the favor shown to "treaty nations." Mr. Fitzsimons offered in lieu of it the following:—

"That from and after the                      day of                      next, there shall be laid and collected on *all* ships and vessels, not built or registered in the United States, a duty of                      per ton.

"That on all ships or vessels arriving in any port of the United States, from places at which the United States are not permitted to trade, the sum of                      per ton."

These clauses being adopted, the Committee rose and reported.

June 30, this bill was again considered, and Mr. Madison entered into a discussion of the principles on which he believed the trade and navigation of the United States ought to be regulated.

*Madison's Scheme of Reciprocity, 1790.* "The idea of discrimination in respect to foreigners, as proposed in the bill originally, having been disagreed to, however just and reasonable he thought that distinction to be, as there appeared to be a majority against it, he should waive any further arguments on the subject, and would suggest the principle of *reciprocity* as an idea which would meet the general approbation of the Committee. He adduced several particulars to show that this reciprocity does not exist in our trade and intercourse with Great Britain; while our shipping is excluded from many of her ports, and admitted into others under such restrictions as are nearly tantamount to a prohibition, their shipping is freely admitted into all the ports, harbors, and bays of the United States.

"He then read two propositions, in the following words, which he proposed should be added as clauses to the bill, viz.: 'That

in all cases where vessels belonging to the citizens of the United States may be prohibited from bringing any articles from any foreign port or place, by laws or regulations of the sovereign thereof, into any port or place within the United States, the vessels belonging wholly or in part to the subjects of such sovereign, shall, after the            day of            during the continuance of such prohibition, be prohibited from bringing like articles into the United States, on pain of being seized and forfeited to their use. And the masters or owners of all foreign vessels clearing from any port of the United States, with any articles the growth, produce, or manufacture thereof, shall give bond, with sufficient security, that no part of the said articles shall be delivered at any port or place to which vessels belonging to citizens of the United States may not be permitted to transport like articles from the United States.'

“‘That in all cases where vessels belonging to citizens of the United States may be prohibited by the laws or regulations of that foreign country from carrying thereto articles not the growth, produce, or manufacture of the United States, the vessels belonging wholly or in part to the subjects, citizens or inhabitants of such country, shall, after the            day of            and during the continuance of such prohibition, be prohibited in like manner from bringing any articles not the growth, produce, or manufacture of such country into the United States on pain of being seized and forfeited to their use.’”

These propositions took some members by surprise, and they wished the Committee to rise that they might have time to think. The rising was opposed. Mr. Sherman, of Conn., said the propositions appeared to him to be natural — “nothing more than a proper assertion of the equal rights of this country. It is merely meeting with counter regulations the regulations of other countries that are hostile to our interests; this we have a right undoubtedly to do. I hope the Committee will not rise, but discuss the subject, that the merits of the propositions may be fully known.”

However, the Committee reported the propositions for consideration “to-morrow,” which day never came. Mr. Madison's effort was premature. After we had had a second war with

England, and been worsted in a "convention," Congress displayed more spirit, and acted on these lines.

*The Practical Point of View.* Evidently, what had been done for our navigation in 1789 was considered by many of our statesmen as merely preliminary work. President Washington, in his message of December 8, 1790, said:—

"We should not overlook the tendency of a war, and even of preparations for a war, among the nations most concerned in active commerce with this country, to abridge the means, and thereby at least to enhance the price of transporting its valuable productions to their proper markets. I recommend it to your serious reflection *how far, and in what mode*, it may be expedient to guard against embarrassments from these contingencies, *by such encouragements to our own navigation* as will render our commerce and agriculture *less dependent on foreign bottoms*, which may fail us in the very moments most interesting to both of these great objects. Our fisheries, and *the transportation of our own produce*, offer us abundant means for guarding ourselves from this evil."

The Speaker's address in response contained this reference:—

"The encouragement of our own navigation has at all times appeared to us highly important. The point of view under which you have recommended it to us is strongly enforced by the actual state of things in Europe. It will be incumbent on us to consider in what mode our commerce and agriculture can be best relieved of an injurious dependence on the navigation of other nations, which the frequency of their wars renders a too precarious resource for conveying the productions of our own country to market."

December 15, 1790, Mr. Goodhue, of Mass., moved a resolution that a bill be brought in "for the further encouragement of the navigation of the United States." This passed the Committee of the Whole, was reported to the House, and a committee of one member from each State was appointed to formulate the measure. Meanwhile the President sent a message to Congress concerning a complaint of the French Government that in our acts of the 20th of July, 1789 and 1790, imposing an extra tonnage duty on foreign vessels, we had not excepted the

vessels of France, as it was conceived to be our duty under the treaty of amity and commerce of 1778. This contained the "favored nation" clause. Our acts had favored no nation, so there was really nothing to complain of, and our Government answered by the pen of Thomas Jefferson, that no relaxation of our laws could be allowed. He suggested, indeed, "if it be the opinion [of the Congress] that it is *advantageous* for us to close with France in her interpretation of a *reciprocal and perpetual exemption* from tonnage, a repeal of so much of the tonnage law will be the answer," but Congress had wisdom enough to rely on the *Constitutional power* to regulate our trade by duties whenever and as we pleased.

*England refuses to treat for Reciprocal Advantages.* It had been said in debate, in previous sessions, that England would doubtless take an early occasion, either to relax her regulations where unjust, or to treat with us on commercial matters the same as with other nations. On this point, on February 14, 1791, the President sent Congress the following message:—

"Gentlemen of Senate and House, soon after I was called to the administration of the Government, I found it important to come to an understanding with the court of London, on several points interesting to the United States, and particularly to know whether they were disposed to enter into arrangements, by mutual consent, which might fix the commerce between the two nations on principles of *reciprocal advantage*. For this purpose, I authorized informal conferences with their Ministers; and from these, I do not infer any disposition, on their part, to enter into any arrangements merely commercial. I have thought proper to give you this information, as it might, at some time, have influence on matters under your consideration."

Referred to a committee of seven, Mr. Goodhue, chairman. No action resulted, nor did the "committee of twelve" ever report a bill. However, in the session following a bill concerning certain fisheries came from the Senate to the House, and formed the subject of a very interesting debate, as its principles were thought, at first, to infringe the Constitution. From its phraseology it was called the "Fishing Bounty Bill." It was denied that it was a *bounty* measure, simply one to continue the

original law allowing a drawback on the *salt* in salted fish exported, to insure that fishermen, and not exporters, got the benefits, and to regulate the employment of the fishermen. Lest its passage should be taken as sanctioning *the doctrine of bounties*, amendments were deemed necessary and were made. Then it passed the House by 38 to 21, and the Senate by 23 to 4. As a bounty bill it would have been defeated. An account of the House debate will be found in chapter xxiii.

In the year 1791 Thomas Jefferson, Secretary of State, then in charge of navigation, commerce, and the fisheries, made a very able report upon the fisheries, and the topics connected therewith, which had served as a foundation for the intelligent measure above described.

Much as was thought to have been done for our Asiatic trade, in the acts of 1789, the merchants of Philadelphia and New York memorialized the Congress in February, 1791, praying for "the patronage and encouragement of the General Government, either by *prohibiting* foreigners from interfering with the said trade, or making a greater difference than now exists between duties on goods imported into the United States immediately from Asia, and those brought by the way of Europe."

*Acts of British Cruisers and Privateers.* In 1790, in a time of peace, 947 American seamen were impressed in British ports, and rescued, and sent to France by Mr. J. B. Cutting, an American citizen in London. In 1793 England was at war with France. Aggressions of British and French privateers became common, and continued for years. This became highly discouraging to our navigation. An embargo was proposed. In 1794 the American ship Delaware, with 33 others, was seized and condemned in Montserrat, about the same number at St. Kitts, and upwards of 150 more were arrested and carried into English ports of the Windward Islands, the powers combined against France, intending to suppress every species of neutral commerce with her, or any of her colonies. Yet, those who decry *protection* of any sort have said, it was to our *neutrality*, not to our trade regulations, that we owed our success in the carrying trade. Our shipping people always wanted more protection than our Government afforded. Historians



may well wonder that it was possible for the American marine to increase in tonnage as it did.

"*Protection to American Commerce.*" This is the title to certain proceedings of Congress in 1792. November 19, Mr. Williamson, of N. C., moved "that a committee be appointed to prepare and bring in a bill for promoting commerce, by the increase of American seamen," and made an interesting speech in part as follows:—

"Measures have already been taken by Congress for increasing the number of our shipping; but no effectual and general measure has been adopted for increasing the number of *native American seamen*. Every gentleman in my hearing knows there are always a considerable number of foreigners on board American vessels, but none of us could have expected, and some of us may not have heard of the injury and insults to which our commerce has been exposed, from having British seamen on board our ships.

"A schooner called the *David and George*, belonging to Portsmouth in Virginia, and commanded by Captain Goffigan, lately touched at Sierra Leone, on the coast of Africa; she was navigated by 11 persons. Three of that number who had been on shore informed Captain Wickham, who commanded an armed vessel, that they were British subjects. Captain W. went on board the American vessel, and claimed the three seamen; he also claimed wages for them. Captain G. refused to deliver the men, and declared with truth that nothing was due them. Captain W. took the men by force, and by the same regulation he went into the hold, and took as much of the cargo as he thought fit, under the cover of substitute for wages. Captain G. complained of this violence and robbery to Mr. Clarkson, Governor of the Province. The Governor replied that *he should have done the same thing, and that he had orders from his superiors so to act in such cases.*

"The ship *Illustrious President*, belonging to Virginia, commanded by Captain Butler, touched some time ago at Madeira, in her passage to the East Indies. The British frigate *Hyena*, commanded by Captain Hargood, lay at that time in the road. Seven of Captain B.'s sailors being British subjects,

Captain H. sent to take them by force from on board the American ship, and he would have done so, had not the Governor of the island interrupted his authority.

"The ship *Fame*, belonging to Philadelphia, commanded by Walter Sims, on her way to the East Indies, lately touched at Table Bay, at the Cape of Good Hope. Captain Blith, who commanded a ship of 20 guns, then lay in the road. One of Capt. Sims' sailors, a native of Scotland, offered his service to Captain Blith, calling himself a British subject. That very man in Philadelphia had taken the oath of allegiance to the United States, but the British claim was best, for Capt. Blith's ship was *strongest*. He took the man, sent an officer on board the American ship, who took liberty of opening the after hatch, searching the hold and looking out a chest and clothes. Capt. Blith justifies these acts of violence, by saying that he had *printed instructions* to take all who called themselves British subjects.

"These are a few out of the numberless cases in which our ships have been robbed of their seamen, and they are samples of the manner in which we shall be constantly treated, *while we depend on foreigners* to navigate our ships. If these cases had terminated in threats and abusive language, to which our flag is too much accustomed, it might have been questioned whether the nation of the offending party was to blame. When you are told by one officer and another that he is *instructed to distress* our trade, we should, if possible, deprive them of the present excuse. Is it not our business to inquire into the cause of this strange conduct? By a vitiated passion for British goods, we are universally clothed in the manufactures of that nation. Our debts increase every year, and we labor to make her rich, while we are becoming poor. We pour our treasures into her lap more than any other nation under the sun. Observe the rewards! I say nothing about her measures in our Western frontier; but our trading ships are boarded and plundered at discretion by her ships of war; and yet Great Britain, whose commerce we cherish, is *the only nation* that treats us in this manner. . . . It is our duty to consider of the safest and surest mode of extending our commerce. After we have

been told that an American vessel having sailors on board, who chance to have been born in the British dominion, is subject to be deprived of her hands, robbed of her property and turned adrift without help, it can hardly be necessary to adduce other arguments in favor of *native American seamen*; but other strong and conclusive arguments in favor of the measure present themselves. The merchant's property in critical situations, or in distant and obscure parts of the world, is always most safe when his ship is navigated by men who uniformly strive to return to their native home, and whose hopes and happiness centre in that country to which their ship belongs. The crew of a French brig some weeks ago murdered their captain and mate on our coast; that misfortune, in all probability, would not have happened, if the seamen had been natives of France. Two of them only were of that kingdom. . . . I shall therefore presume that it is our duty, as soon as possible, to provide for the daily operations of pride or injustice, by furnishing the merchants with seamen of whom we cannot be robbed, except by open declaration of war. . . .

"In order to secure a sufficient number of seamen, we should make it the *interest* of every master or owner of a vessel to have one or more *apprentices*. For this purpose it may be proper to impose a small additional duty of tonnage on every American bottom. . . . A drawback of this duty may be allowed to such vessels as are navigated by a certain number of apprentices, native citizens, according to their several burdens." . . . Then he proposed "a general provision for sick and infirm seamen," — the dues for the same to be called "hospital money," — the seamen to contribute also. He was made chairman of a committee to bring in a bill.<sup>1</sup>

We should have to-day a law for the increase of *American* seamen on the very same principle as this outlined more than a century ago. By the carrying of apprentices our vessels might save the payment of all their tonnage dues, but we *must first get rid* of our "reciprocity" conventions.

<sup>1</sup> A bill of this kind was passed in 1817. See chapter xiii.

## CHAPTER VII.

### JEFFERSON'S REPORT ON RESTRICTIONS ON TRAFFIC.

*Foreign Countries and their Trade.* As the officer of the Government charged with the guarding of our commercial and sea-carrying interests, the Secretary of State, then *Thomas Jefferson*, in the summer of 1792, made an investigation, and in December, 1793, reported to Congress upon the "privileges and restrictions" of foreign countries. As this report carried considerable weight, and was made the foundation of subsequent efforts of Congress and the Executive to improve the circumstances of our trade and transportation, we shall here quote it in part:—

"The countries with which the United States have their chief commercial intercourse are Spain, Portugal, France, Great Britain, the Netherlands, Denmark, and Sweden, and their American possessions.

(4) One year — Oct. 1789–Sept. 1790.		Exports.	Imports.
Spain and dominions . . . . .		\$2,005,907	\$335,110
Portugal do . . . . .		1,283,462	595,763
France do . . . . .		4,698,735	2,068,348
Great Britain do . . . . .		9,363,416	15,285,428
Netherlands do . . . . .		1,963,880	1,172,692
Denmark do . . . . .		224,415	351,364
Sweden do . . . . .		47,240	14,325
		<u>\$19,587,055</u>	<u>\$19,823,030</u>

"Our *navigation*, depending on the same commerce, will appear by the following statement of the tonnage of our own vessels, entering our ports, from those several nations and their possessions, in one year; that is to say, from Oct. 1789, to Sept. 1790, inclusive, as follows:—

"Spain, 19,695; France, 116,410; Netherlands, 58,858; Portugal, 23,576; Great Britain, 43,580; Denmark, 14,655; Sweden, 750; total, 277,524 tons."

After detailing the commerce and the restrictions upon it, Mr. Jefferson sums up as follows:—

“*First.* In Europe, our bread stuff is at most times under prohibitory duties in England, and considerably dutied on reëxportation from Spain to her colonies.

“ Our tobaccos are heavily dutied in England, Sweden, France, and prohibited in Spain and Portugal.

“ Our rice is heavily dutied in England and Sweden, and prohibited in Portugal.

“ Our fish and salted provisions are prohibited in England, and under prohibitory duties in France.

“ Our whale oils are prohibited in England and Portugal.

“ And our vessels are denied naturalization in England, and of late, in France.

“*Second.* In the West Indies— All intercourse is prohibited with the possessions of Spain and Portugal.

“ Our salted provisions and fish are prohibited by England.

“ Our salted pork and bread stuff (except maize) are received under temporary laws only, in the dominions of France, and our salted fish pays there a weighty duty.

“*Third.* In the article of navigation — our own carriage of our own tobacco is heavily dutied in Sweden, and lately in France. We can carry no article, not of our own production, to the British ports in Europe. Nor even our own produce to her American possessions. Our ships, though purchased and navigated by their own subjects, are not permitted to be used, even in their trade with us. While the vessels of other nations are secured by standing laws, which cannot be altered but by the concurrent will of the three branches of the British Legislature, in carrying thither any produce or manufacture of the country to which they belong, which may be lawfully carried in any vessels, ours, with the same prohibition of what is foreign, are further prohibited by a standing law (12 Car. 2, 18, sec. 3) from carrying thither all and any of our own domestic productions and manufactures. A subsequent act, indeed, has authorized their Executive to permit the carriage of our own productions in our own bottoms *at its sole discretion*; and the permission has been given, from year to year, by proclamation, but subject

every moment to be withdrawn *on that single will*, in which event our vessels, having anything on board, stand interdicted from the entry of all British ports. The disadvantage of a tenure which may be so suddenly discontinued was experienced by our merchants on a late occasion (April 12, 1792) when an official notification, that this law would be strictly enforced, gave them just apprehensions for the fate of their vessels and cargoes dispatched or destined to the ports of Great Britain. The Minister of that Court, indeed, frankly expressed his personal conviction, that the words of the order went further than was intended, and so he afterwards officially informed us; but the embarrassments of the moment were real and great, and the possibility of their renewal lays our commerce to that country under the same species of discouragement as to other countries, where it is regulated by a single legislator; and the distinction is too remarkable not to be noticed, that *our navigation is excluded from the security of fixed laws*, while that security is given to the navigation of others.

"Our vessels pay in their ports, 1s. 9d. sterling per ton, light and trinity dues, more than is paid by British ships, except in the port of London, where they pay the same as British.

"The greater part of what they receive from us is reexported to other countries, under the useless charges of an intermediate deposit, and double voyage." . . .

*The Remedies for Restrictions.* As for the remedies practicable or possible, and the philosophy underlying the same, Mr. Jefferson entered at length.

"Such being the restrictions on the commerce and navigation of the United States, the question is, in what way they may best be removed, modified, or counteracted?

"As to commerce, two methods occur. 1. By friendly arrangements with the several nations with whom these restrictions exist; or, 2. By the separate act of our own Legislatures for countervailing their effects.

"There can be no doubt but that, of these two, friendly arrangement is the most eligible. Instead of embarrassing commerce under piles of regulating laws, duties, and prohibitions, *could* it be relieved from all its shackles in all parts of the world;

*could* every country be employed in producing that which nature has best fitted it to produce, and each be free to exchange with others mutual surpluses for mutual wants, the greatest mass possible would then be produced of those things which contribute to human life and human happiness; the numbers of mankind would be increased, and their condition bettered."

*Utopian Statesmanship.* While this philosophy might be creditable to a kind-hearted sleeper in dreamland, as being visionary and humane, it will not bear application to the nations of the world, because it takes no account of human nature, and pays no attention to the law of evolution. *Progress is the higher law of man.* To progress, a nation must extend its knowledge and perfect its character, since otherwise it cannot improve and rise from one plane to another in civilization. *Free commerce* does not, practically, mean *general* advancement. It means that one nation shall monopolize a few industries, or a few arts — one agriculture and another navigation, one manufacturing and another banking; it destines one nation to become rich and another to remain poor; one to become enlightened and another to remain ignorant; one to acquire mastery, wealth and power, and others to be dependents and slaves. It is only by *every* people *having the opportunity* to study *every* science, practice *every* art, and fully exercise their intellectual faculties, that *human liberty* with *perfection of character*, can be attained. Each nation or people or community should have *equal* opportunity. Any one finding itself at a disadvantage must be free to regulate its intercourse with regard to an improvement of its circumstances. This is at once both natural and divine. "Free commerce" cannot amount to a rational dream. *Just and equal* commerce is quite another thing. However, we will hear Mr. Jefferson through.

"*Would* even a single nation begin with the United States this system of free commerce, it would be advisable to begin it with that nation; since it is one by one only, that it can be extended to all. Where the circumstances of either party render it expedient to levy a revenue of impost, on commerce, its freedom might be *modified* in that particular, by mutual and equivalent measures, preserving it entire in all others.

“Some nations, not yet *ripe* for free commerce in all its extent, might still be willing to mollify its restrictions and regulations for *us*, in proportion to the advantages which an intercourse with us might offer. Particularly they may concur with us in *reciprocating* the duties to be levied on each side, or in compensating any excess of duty by equivalent advantages of another nature. Our commerce is certainly of a character to entitle it to favor in most countries. The commodities we offer are either necessities of life, or materials for manufacture, or convenient subjects of revenue; and we take in exchange, either manufactures, when they have received the last finish of art and industry, or mere luxuries. Such customers may reasonably expect welcome and friendly treatment at every market. Customers, too, whose demands, increasing with their wealth and population, must very shortly give full employment to the whole industry of any nation whatever, in any line of supply they may get into the habit of calling for from it.

“But should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties, and regulations, it behooves us to *protect our citizens*, their commerce and navigation, by counter prohibitions, duties, and regulations, also. Free commerce and navigation *are not to be given in exchange for restrictions and vexations*, nor are they likely to produce a relaxation of them.

*Navigation Superior to Commerce.* “Our navigation involves still higher considerations. As a branch of industry, it is valuable, but as a resource of *defense*, essential.

“Its value as a branch of industry is enhanced by the dependence of so many other branches on it. In times of general peace, it multiplies competitors for employment in transportation, and so keeps that at its proper level; and in times of war, that is to say, when those nations who may be our principal carriers, shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of *war freight* and *insurance*, and the articles which will not bear that must perish on our hands.

“But it is as a *resource of defense*, that our navigation will



admit neither neglect nor forbearance. The position and circumstances of the United States leave them nothing to fear on their land board, and nothing to desire beyond their present rights. But on their sea board they are open to injury, and they have there, too, *a commerce which must be protected*. This can only be done by possessing a respectable body of *citizen seamen*, and of *artists and establishments* in readiness for *shipbuilding*.

"Were the ocean, which is the common property of all, open to the industry of all, so that every person and vessel should be free to take employment wherever it could be found,<sup>1</sup> the United States would certainly not set the example of appropriating to themselves, exclusively, any portion of the common stock of occupation. They would rely on the enterprise and activity of their citizens, for a due participation of the benefits of the sea-going business, and for keeping the marine class of citizens equal to their object. But if particular nations *grasp at undue shares*, and more especially, *if they seize on the means* of the United States, to convert them into aliment for their own strength, and withdraw them entirely from the support of those to whom they belong, *defensive and protecting measures become necessary* on the part of the nation whose marine resources are thus invaded; or it will be disarmed of its *defense*, its productions will lie *at the mercy* of the nation which has possessed itself exclusively of the *means of carrying* them, and *its politics may be influenced* by those who command its commerce. The carriage of its own commodities, if once established in another channel, cannot be resumed in the moment we may desire. If we lose the *seamen* and *artists* whom it now occupies, we lose the *present means* of marine defense, and *time* will be requisite to raise up others, when disgrace or losses shall bring to our feelings, *the error of having abandoned them*. The materials for maintaining our due share of navigation are ours in abundance. And, as to the mode of using them, we have only to adopt *the principles* of those who thus put us *on the defensive*, or others equivalent and better fitted to our circumstances."

<sup>1</sup> By some this is supposed to be the case now, but, until human nature becomes angelic, it will never be so — in respect to rival flags. Foreign merchants cannot be expected to load *our* ships and let their own go idle, nor will they do so.

*The Principles of Reciprocity.* · “The following principles, being founded in reciprocity, appear perfectly just, and to offer no cause of complaint to any nation.

“1. Where a nation imposes high duties on our productions, or prohibits them altogether, it may be proper for us to do the same by theirs; first burdening or excluding those productions which they bring here, in competition with our own of the same kind; selecting next such manufactures as we take from them in greatest quantity, and which at the same time we could the soonest furnish to ourselves, or obtain from other countries; imposing on them duties, lighter at first, but heavier and heavier afterwards, as other channels of supply open. Such duties having the effect of indirect encouragement to *domestic* manufactures of the same kind, may induce the manufacturer to come himself, into these States, where cheaper subsistence, equal laws, and a vent of his wares, free of duty, may insure him the highest profits from his skill and industry. . . . The oppressions on our agriculture, in foreign ports, would thus be made the occasion of relieving it from a *dependence* on the counsels and conduct of *others*, and of promoting arts, manufactures, and population at home.

“2. Where a nation refuses permission to our merchants and factors to reside within certain parts of their dominions, we may, if it should be thought expedient, refuse residence to theirs in any and every part of ours, or modify their transactions.

“3. Where a nation refuses to receive,\* in our vessels, any productions but our own, we may refuse to receive in theirs, any but their own productions. The first and second clauses of the bill reported by the Committee<sup>1</sup> are well formed to effect this object.

“4. Where a nation refuses to consider any vessel as ours which has not been built within our territories, we should refuse to consider theirs, any vessel not built within their territories.

“5. Where a nation refuses to our vessels, the carriage even of our own productions, to certain countries, under their dominion, we might refuse to theirs of every description, the carriage

<sup>1</sup> This may have been the committee of twelve appointed December 15th, 1790, but there is no record of their measure.

of the same productions to the same countries. But, as justice and good neighborhood would dictate that those who have no part in imposing the restriction on us should not be victims of measures adopted to defeat its effect, it may be proper to confine the restriction to vessels owned or navigated by any subjects of the same dominant power, other than the inhabitants of the country to which the said productions are to be carried. And to prevent all inconvenience to the said inhabitants, and to our own, by too sudden a check on the means of transportation, we may continue to admit the vessels marked for future exclusion, on an advanced tonnage (duty), and for such length of time only, as may be supposed necessary to provide against that inconvenience.

“The establishment of some of these principles by Great Britain, alone, has already lost us in our commerce with that country and its possessions, between eight and nine hundred vessels of near 40,000 tons burden, according to the statements from official sources, in which they have confidence. This involves a proportional loss of seamen, shipwrights, and ship-building, and is too serious a loss to admit forbearance of some effectual remedy.

*Discriminating Duties no Inconvenience.* “It is true we must expect some inconvenience in practice from the establishment of *discriminating duties*. But in this, as in so many other cases, we are left to *choose between two evils*. These inconveniences are *nothing*, when weighed against the *loss of wealth and loss of force*, which *will follow our perseverance* in the plan of *indiscrimination*. When once it shall be perceived that we are either in the system or in the habit of giving equal advantages to those who extinguish our commerce and navigation by duties and prohibitions, as to those who treat both with liberality and justice, liberality and justice will be converted *by all* into duties and prohibitions. It is not to the moderation and justice of *others* we are to trust for *fair and equal* access to market with our productions, or for *our due share* in the transportation of them; *but to our own means of independence and the firm will to use them*. Nor do the inconveniences of discrimination merit *consideration*. Not one of the nations

before mentioned, perhaps not a commercial nation on the earth, is without them. In our case, one distinction alone will suffice : that is to say, between nations who favor our productions and navigation, and those who do not favor them. One set of moderate duties, for the first, and a fixed advance on these as to some articles, and prohibitions as to others, for the last.

“ Still it must be repeated, that friendly arrangements are preferable with all who will come into them, and that we should carry into such arrangements all the liberality and spirit of accommodation which the nature of the case will admit.

“ France has of her own accord, proposed negotiations for improving, by a new treaty, on fair and equal principles, the commercial relations of the two countries. But her internal disturbances have hitherto prevented the prosecution of them to effect, though we have had repeated assurances of a continuance of the disposition.

“ Proposals of friendly arrangement have been made on our part, by the present Government, to that of Great Britain, as the Message states ; but, being already on as good a footing in law, *and a better in fact*, than the most favored nation, they have not, as yet, discovered any disposition to have it meddled with.

“ We have no reason to conclude that friendly arrangements would be declined by the other nations, with whom we have such commercial intercourse as may render them important. In the mean while, it would rest with the wisdom of Congress, to determine whether, as to those nations, they will not surcease *ex parte* regulations, on the reasonable presumption, that they will concur in doing whatever justice and moderation dictate should be done.”

*Th. Jefferson.*

*Application of Reciprocity to the Foreign Carrying Trade.*  
The fitness and pertinency of the principles laid down in Mr. Jefferson's Report depend entirely upon the assumption that, as to the carrying trade, American vessels could compete comfortably and with success alongside of foreign ships, in our own trade, on the same footing *in law*. But *there is a footing in*

*fact*, we have learned to our sorrow, that *may outpoint and outdo enactments*. Mr. Jefferson was aware of both kinds of footing, but, at the time he wrote, equality at ports and in custom-houses was so desirable that it was thought sufficient. With respect to some nations this was undoubtedly the case. At any rate, we would be so glad to get *equality* that we would be pleased to grant it in every case, and try for contentment with it.

Mr. Jefferson did not indicate a course for Congress where the *footing in fact* was decidedly against our success, and would be bound to work out failure, and the final extinction of our marine. This problem was not properly before him. But we cannot doubt if it had been, he would have solved it in favor of his native land, if in so doing he was obliged to regulate trade under the power given in the Constitution, to the end that an American marine should survive and flourish. Against a footing in fact that would cause ruin and decay in our navigation, Mr. Jefferson's spirit would have openly rebelled. He believed firmly in the *need* of an American marine, and conscientiously favored the application of *protection* where indispensable for *the national good*.

## CHAPTER VIII.

### DEBATE UPON MADISON'S RESOLUTIONS, 1794.

*Sequel of Jefferson's Report.* Perhaps no report of a cabinet officer to Congress ever stirred that body more thoroughly than that of the Secretary of State in 1793. It was, indeed, well calculated to induce a determination to have justice for our citizens, and fair play for their commerce and navigation. These were increasing in moment, but not at the pace possible, nor with the certainty desirable. In four years our tonnage entrances, in the foreign trade, had grown from 123,893 tons to 367,734; and our share of carriage had increased from 30, or less, to 77 per cent. in export trade; and from about 18 to 82 per cent. in import business. But our utmost legislative encouragement had not been given. It was difficult to convince many members of Congress that greater good was not attainable, were justice to be done. Old oppressions seemed cast off for new. On the other hand, we had conservatives with abundant patience, who contented themselves with moving slowly.

*Views of Thomas H. Benton.* In his work on the "Debates of Congress," in regard to regulating our commerce with foreign nations, Mr. Benton thus states his views:—

"In the House of Representatives, 1794, occurred one of the most interesting and elaborate debates which our Congress has furnished. It grew out of the clause in the Constitution conferring power 'to regulate commerce with foreign nations,' and gives the interpretation of its authors, which is *wholly different* in its nature, *and also distinct*, from the power to lay and collect import duties. The latter was to raise revenue, the former to make such discriminations in trade and transportation as to *Protect* our merchants and shipowners from the adverse regulations and devices of our rivals.

"While the lack of power to regulate foreign commerce was a primary defect of the Confederate Government, and the necessity for its exercise so great as to form a chief cause for creating the Federal Government, it is singular that Congress has always overlooked it, or confounded it with the impost or revenue power. Though not now exercised, it is a power which *has found* a need for its exercise, *and will find it again.*"<sup>1</sup>

*Sentiment of the Resolutions.* These notable resolves were necessarily aimed at Great Britain, and their discussion for two months did much to endanger our relations with that nation, which, at the time, from other causes, were rather insecure. In fact, it was after the great debate started, that Washington thought it prudent to send Judge Jay to negotiate his famous treaty.<sup>2</sup> Its first effect was to modify the shipping situation, and to allay somewhat the resentment of the country. It became desirable, also, to give the British a chance to perform their new covenant — to give up the Western forts, and to cease their encouragement to the savages, for some time past molesting and murdering on the frontiers. The first of the resolutions was adopted, the others were not afterward taken up. With the discrimination which they contained in favor of France, their passage was heavily handicapped. Their sentiment was: "Free commerce is not to be given for burthens and impositions." In other words, if foreign nations, one or more, protect their commerce and navigation, we must then protect our own — *equal footing in fact* being an indispensable condition for success. This sentiment of the time was well expressed by able debaters. What they contended for is well worth understanding, as we have for many years past given free commerce and unrestricted navigation for burdens, impositions, and even insults, to such an extent that little remains of a wasted marine; and we are compelled to rebuild and reinstate it, either by constitutional regulations, or by questionable taxation.

*Mr. Madison's Speech.* The House having under consideration the report of the Secretary of State, — on the privileges and restrictions of the commerce and navigation of the United

<sup>1</sup> The acts of 1818 and 1820 were purely regulations of commerce.

<sup>2</sup> The British Ministry disliked the resolutions and favored this treaty.

States in foreign countries, — Mr. Madison made some general observations, and then remarked, that “the commerce of the United States is not at this day on that respectable footing to which, from its nature and importance, it is entitled.” He referred to its situation before the adoption of the Constitution, when conflicting systems of encouragement prevailed in the different States. “The then existing state of things gave rise to that convention of Delegates from the different States,<sup>1</sup> who met to deliberate on some general principles for the regulation of commerce, which might be conducive, in their operation, to the general welfare, and that such measures should be adopted as would conciliate the friendship and good faith of those countries who were disposed to enter into the nearest commercial connections with us.” . . . “But what has been the result of the system which has been pursued ever since? What is the present situation of our commerce? From the situation in which we find ourselves after four years’ experiment it appeared incumbent on the United States to see whether they could not *now* take measures promotive of those objects *for which the Government was in a great degree instituted.*” . . .

Continuing, Mr. Madison read the following resolutions: —

*Text of the Madison Resolutions.* “Resolved, As the opinion of this Committee, that the interest of the United States would be promoted by further restrictions and higher duties, in certain cases, on the manufactures and navigation of foreign nations employed in the commerce of the United States than those now imposed.

“1. That an additional duty ought to be laid on the following articles, manufactured by European nations having no commercial treaty with the United States: . . .

“2. That an additional duty of                      per ton ought to be laid on the vessels belonging to nations having no commercial treaty with the United States.

“3. That the duty on vessels belonging to the nations having commercial treaties with the United States ought to be reduced to per ton.<sup>2</sup>

<sup>1</sup> This was the “Annapolis Convention,” in point of fact, Mr. Madison’s suggestion, as was also clause 3, in section 8 of article 1 of the Constitution — to regulate our foreign trade so as to favor our navigation.

<sup>2</sup> Four nations only, at the time, had made such treaties — Prussia, Sweden, France, and Holland.



"4. That where any nation may refuse to consider as vessels of the United States any vessel not built within the United States, the foreign-built vessels of such nations ought to be subjected to a like refusal, unless built within the United States.<sup>1</sup>

"5. Where any nation may refuse to admit the produce or manufactures of the United States, unless in vessels belonging to the United States, or to admit them in vessels of the United States, if last imported from any place not within the United States, a like restriction ought, after the            day of           , to be extended to the produce and manufactures of such nation, and that, in the meantime, a duty of            per ton extraordinary ought to be imposed on vessels so importing any such produce or manufactures.

"6. That where any nation may refuse to the vessels of the United States a carriage of the produce or manufactures thereof while such produce or manufactures are admitted by it in its own vessels, it would be just to make the restriction reciprocal; but, inasmuch as such a measure, if suddenly adopted, might be particularly distressing in cases which merit the benevolent attention of the United States, it is expedient for the present that a tonnage duty extraordinary only of            be imposed on the vessels so employed: and that all distilled spirits imported therein shall be subject to an additional duty of one part of the existing duty.

"That provision ought to be made for liquidating and ascertaining the losses sustained by citizens of the United States from the operation of particular regulations of any country contravening the law of nations, and that such losses be reimbursed, in the first instance, out of the additional duties on the manufactures, productions and vessels, of the nation establishing such unlawful regulations."

Mr. Madison, speaking to these resolutions, said: —

"We should also obtain an equitable share in carrying our own produce; we should enter into the field of competition on equal terms, and enjoy the actual benefit of advantages which nature and the spirit of our people entitle us to. . . .

"It is in the power of the United States, by exercising her natural rights, without violating the *rights*, or even the equitable pretensions, of other nations — by doing no more than most nations do *for the protection of their interests*, and much less than some, to make her interests respected; for what we receive from other nations are but luxuries to us, which, if we choose to throw

<sup>1</sup> We had admitted to registry, as American, all foreign-built vessels owned by citizens on May 16, 1789.

aside, we could deprive part of the manufacturers of those luxuries, of even *bread*, if we are forced to the contest of self-denial. This being the case, our country may make her enemies feel the extent of her power."

"The last resolution is in a manner, distinct from the rest. The nation is bound by the most sacred obligation, *to protect the rights* of its citizens against the violation of them from any quarter; or, if they cannot protect, they are bound to repay the damage."

*The Debate ensuing.* Ten days later Mr. Smith, of S. C., replied to Mr. Madison and urged conservative views. He said:

"The report of the Secretary of State is now before the Committee. The tendencies of that report (whatever may have been the design of the reporter) appears to be to induce a false estimate of a comparative condition of our commerce with foreign nations, and to urge the legislature to adopt a scheme of retaliating regulations, restrictions, and exclusions." He proposed to compare conditions of commerce with Great Britain, taking France before the Revolution then in progress and our own country at the time of the report. He exhibited a table to show that we were not worse off than France. He protested that "this country is at present in a very delicate crisis, and one requiring dispassionate reflection, cool and mature deliberation."

Mr. Madison, the day following, answering Mr. Smith, said in part:—

"The propositions before the Committee turned on the question *whether anything ought to be done* at this time in the way of commercial regulations toward vindicating and advancing our national interests. Perhaps it might be made a question with some, whether, *in any case*, legislative regulations of commerce were consistent with its nature and prosperity. He professed himself 'a friend to the theory which gives to industry a free course, under the impulse of individual interests and the guidance of individual sagacity.'"

He was persuaded, it would be happy for all nations, if the barriers erected by prejudice, by avarice, and by despotism were broken down, and a free intercourse established among them. "Yet to this, as to all other general rules, *there might*

*be exceptions* ; and the rule itself required *what did not exist*, — that it should be *general*” — (in fact, that the strong should crush the weak, that the sick should take no medicine!)

To illustrate his position, he referred to the Navigation Act of Great Britain, which, *not being counterbalanced* by any similar acts on the part of rival nations, had secured to that power no less than *eleven twelfths* of the shipping and seamen employed *in her trade*. It is stated that in 1660, when the act of 1651 had been amended, the foreign tonnage was to the British as one to four ; in 1700, less than one to six ; in 1725, as one to nineteen ; in 1750, as one to twelve ; in 1774, nearly the same. At the commencement of the period, the tonnage was but 95,266 tons ; at the end of it, 1,136,162.

Mr. Madison continued : “ To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing *one nation* to regulate it for *another*. . . . A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports, would gradually vanish the latter altogether.” Then he proved this from our own history.

*Why the Constitution was adopted*. “ As early as the year succeeding the peace, 1784, the effect of the foreign policy (British), which *began to be felt* in our trade and navigation, excited universal attention and inquietude. The first effort thought of was an application of Congress to the States for a grant of power, for a limited time, to *regulate* our foreign commerce.”

This effort failing, “ the States next endeavored to effect their purpose by separate but concurrent regulations. Massachusetts opened a correspondence with Virginia and other States in order to bring about the plan. Here, again, the effort was abortive.<sup>1</sup> Out of this experience grew the measures which terminated in the establishment of a government *competent to the regulation of our commercial interests* and the *vindication of our commercial rights*.”

<sup>1</sup> Massachusetts, with seven other States, did not attend the Annapolis Convention.

“As these were *the first objects* of the people in the steps taken for establishing the present Government, they were universally expected to be among the first fruits of its operation. In this expectation the public were disappointed. An attempt was made in different forms, and received the repeated sanction of this branch of the Legislature, but they expired in the Senate — not, indeed, as was alleged, from a dislike to the attempt altogether, but the modification given to it.<sup>1</sup> It has not appeared, however, that it was ever renewed in a different form in that House, and for some time it has been allowed to sleep in both. . . .

“When the subject was discussed in the first Congress, it was said that we ought to try the effect of a generous policy toward Great Britain; that we ought to give time for negotiating a treaty of commerce; that we ought to await the close of negotiations for explaining and executing the treaty of peace. We have now awaited a term of more than four years. The treaty of peace remains *unexecuted* on her part, though all pretext for delay has been removed by the steps taken on ours; no treaty of commerce is either in train or in prospect; instead of relaxations in former articles complained of, we suffer new and aggravated violations of our rights. . . . It was, indeed, the practice of Great Britain sometimes to relax her Navigation Act so far, in time of war, as to permit to neutral vessels a circuitous carriage; but, as yet, the act was in full force against the use of them for transporting the produce of the United States.

“On the other hand, the laws of the United States allowed Great Britain to bring into their ports anything she might please, from her own or from other ports, and in her own or in other vessels.”<sup>2</sup>

Mr. Forrest, of Md., replied. Said he: “I lay it down as a principle not to be controverted, that our intercourse with Great Britain, in a commercial point I mean (putting the mode of carriage out of account, and confining to the importation and exportation and restrictions and bounties thereon), is as favorable as we can expect, and, taken in the aggregate, full as fa-

<sup>1</sup> The provision for favoring treaty nations to the advantage of France.

<sup>2</sup> The Act of 1817 cut off this privilege as to vessels.

avorable as with France, their navigation act excepted." (This had just been passed.)

Mr. Fitzsimons, of Pa., objected to the first resolution on the ground of indefiniteness, but thought he might agree to the others. He was perfectly convinced that a judicious system of regulations would be of infinite advantage to the maritime interest of America. "The substance of the whole arguments advanced on both sides tended only to establish a fact, which was already perfectly well known, that the governments of Europe act, in regard to the commerce of the United States, just as they think proper. The lesson was a good one, and this country should improve by it."

*Actual Need of our own Marine.* Mr. Nicholas, of Va., made a long and able speech; elsewhere quoted in part. Supporting the resolutions, he said:—

"It is a commonly received opinion that trade should be intrusted to the direction of those immediately interested in it, and that the actual course of it is the best which it could take. This principle is by no means a safe one, and, as applied to the trade of America, is extremely fallacious. It can never be just, where the beginning and growth of a commerce has not been free from all possible constraints, as to its direction; as that can never be called a business of election which has been created under *foreign* influence. The manner in which America was first peopled, and the nurture she received from Great Britain, afford the most striking contrast to the requisite before mentioned. . . . The same effects are by no means to be expected from the greatest commercial wisdom in individuals, which are in the power of the general concert of the community."

He went on to consider the importance of navigation to all countries, but especially our own. "The interest of the *whole* community, not only those who are carriers, but those also who furnish the object of carriage, positively demands a *domestic marine*, equal to its whole business; and that, even if it is to exist under rates *higher than those of foreign* navigation, it is to be preferred." . . .

He alluded to the fact, that the European war then well

under way had already brought on us the evils of partial dependence on foreign shipping, but, fortunately, the encouragement already afforded our own had almost completed the remedy. "But it is not merely the advancement of our marine that is contemplated by the present resolutions; the *security* of that which we have is also dependent on them. The danger from the Algerine warfare has been estimated in this House at *five* per cent. on the vessel and cargo, but the whole encouragement to our own shipping, in our existing laws consists in the *one tenth additional duty* on goods imported in foreign vessels. Whenever there shall be a European peace, which cannot be far distant, the whole difference between the two sums will be a direct encouragement on British ships, and will probably be equal to two freights."

*The Principles of Ship Encouragement.* Mr. Goodhue, of Mass., made a strong and practical speech:—

"It is unquestionably our duty to attend to the navigation and commerce of our country, and give it every proper encouragement which time and circumstances admit. This object, so important and desirable, must be effected by *fixed principles* and *regulations*, such as giving our vessels a *decided preference* in our own ports above the ships of every other nation whatever; by paying *less tonnage* and *other duties*; by suffering *no foreign ships* to bring into the United States the productions of *any other country* than the one to which they belong; and by *prohibiting foreign ships* from coming to the United States from those places where our own ships are prohibited.

"These are the fixed principles and regulations by one or all of which our navigation and commerce can only be promoted, and must *never be deviated from* when adopted, in favor of any nation whatsoever, unless it be in return for special advantage granted to us as an *equivalent*. Hitherto our Government has proceeded to distinguish foreign ships, only by making them pay greater tonnage and duties than our own." . . .

Thus, our system was plainly imperfect and incomplete, though greatly better than before the acts of 1789. As for the utility of *treaties*, Mr. Goodhue was not the only Representative of distinction who doubted and disputed it. On this subject he said:—

*Inexpedience of Treaties.* "Let us examine what advantages we enjoy in consequence of any commercial treaties we have already formed, for the propositions before us are proposed to affect only those nations with whom we have *no treaties*. We have commercial treaties with Prussia, Sweden, France, and Holland, and in the dominion of *neither of these powers* have our ships or the produce of this country (except in the single article of our oil in France) been admitted *on any more favorable terms than the ships or produce of any other nation*; and for this obvious reason, because our treaties only insured the advantages they may grant to 'the most favored nation;' and, being circumstanced in such a manner as not judging it for their interest to distinguish any one by its favors, we are left only in the enjoyment of a trade with them on the terms *common to all other nations*. This being the case, *I would not give one farthing* to have like treaties formed with every other nation, for they have not been, *and never can be*, of any service to us. If we expect to derive any advantage from commercial treaties, we must stipulate for some certain good, for some other good which we may grant them in return."

Their "treaty" feature was the principal weakness of the "Madison Resolutions." Many Representatives felt that a commercial treaty with Great Britain, if we could get it, would be a dead letter. She was, in 1794, violating the peace treaty of 1783. This point was brought out conspicuously in the debate.

Mr. Clark, of N. J., thought that the subject should be considered in a political light. That we had many wrongs to complain of, and should endeavor to obtain redress: "The English have violated our treaties, just after they were ratified, by taking away our *negroes*, and since by holding our *posts*. They have also set the savages on our backs, and have they not let loose the Algerians upon us? Shall we sit still and bear it? How can we help it? it is asked. They will *retaliate*, we are told. How retaliate? Will they refuse to sell us their manufactures?" He remembered, that, even in old times, a non-importation agreement made them repeal their "stamp act." "We have surely as well now as we had then a right *not to buy*

their goods ; we don't want to cram our provisions down their throats, or to force them to buy our lumber. During the non-importation agreement we did not perish with cold. . . . We then gained our point ; we should now be much more powerful with the same weapon.

"The balance of trade with Great Britain is much against us ; and by carrying to Portugal and Spain what we send to them, we should receive cash in return. France will not always be in a storm, and a supply of the manufactured articles we want may soon be received from that quarter." He favored the resolutions.

*Southern Interest in a Marine.* Mr. Madison took especial pains to point out to Representatives from the South the vital interest that their constituents had, not only in the owning, but in the building of vessels. He presented two points of view : —

"1. As they are in some respects, the weaker part of the Union, and have most wealth exposed on the sea, they have most need of that *protection* which results from extensive marine resources. The existence of these will either prevent attack, or can readily be turned into the means of repelling it.

"2. As they have so much valuable and bulky produce to carry to market, it is their interest to possess a conveyance for it, that they may be as little affected as possible by the contingencies and wars of other nations ; and particularly of Great Britain, a nation which is so frequently at war, and which has so disproportionate a share in our carrying trade. This subject had been placed in so striking a view by the Secretary of State (Thomas Jefferson), in a former report on the fisheries (1791), that he should rely on the patience of the Committee in reading the observations and calculations to which he alluded : —

"That the encouragement of our carrying business is interesting, not only to the carrying States, but in a high degree also to the others, will result from the following facts : —

" 'The whole exports of the United States may be stated at \$25,000,000. Great Britain carries two fifths of these in value, that is to say, \$10,000,000 ; freight and insurance on this, in times of peace, are about 22½ per cent., \$2,250,000 ; the same charges in war are very various, according to the circumstances



of the war, we may say, however, 55 per cent., \$5,500,000 ; the difference between peace and war freight and insurance, then, is annually, \$3,250,000. Taxed on our agriculture by British wars, during their continuance, and our dependence on British bottoms.

“ ‘ Of the last hundred years Great Britain has had forty-two years of war and fifty-eight of peace, which is three of war to every four of peace, nearly.

“ ‘ In every term of *seven years*, then, we pay *three times* \$3,250,000, or \$9,750,000, which, averaged on the years of peace and war, are annually and constantly, \$1,392,857, more than we should, if we could raise our own shipping, to be competent to the carriage of all our productions. Besides this, many of our bulky articles, not bearing a *war freight*, cannot be exposed to that, so that *their* total loss is to be added to that before estimated.’

“ This was a demonstration of the interest the United States had, particularly the Southern States, in obtaining an independent transportation for their commodities ; and the effect of the present war, to which Britain is a party, in depriving them of the ordinary foreign resource, is bringing the evidence home to their feelings at the present moment.”

Mr. Ames, of Mass., opposed the resolutions. He said he wished that gentlemen, “ instead of indefinite declamation, would lay their finger on each particular wrong that Britain had done to us. He did not know of any particular advantage that we had derived in our commerce with France. He wished to discountenance a spirit of revenge, and to ascertain on what side the benefits of our commerce lay, and wherein they consisted. He did not like unfair comparisons.”

Mr. Nicholas, of Va., replied, that “ the practice of ‘ comparisons ’ had originated among the gentlemen who opposed the resolutions.”

*Other Nations as Bad as Britain.* Mr. Smith, of Md., made a speech opposing the treaty distinction, though not in favor of other features : —

“ The object of the Resolutions is, to lay an extra duty on goods from Powers not in treaty with the United States. These

will operate as a *bounty*, say, for calculation of *five* per cent. in favor of those powers with whom we have a treaty of commerce ; for experience has shown that those nations cannot supply us on terms so favorable as that with whom no treaty exists. It is a subject, then, of fair inquiry, what *advantages* we enjoy from those nations we are in treaty with, to induce us to grant them such bounty ; and what are the *disadvantages* which result from those treaties ? . . .

“The advantages in the treaties (only four exist) most useful to us are, that *free ships make free goods* ; and this is to be reciprocal.<sup>1</sup> We have seen that this stipulation has been *violated* whenever the necessity of the case, *in their opinion*, made it *useful*, as in the case of France. The disadvantages of those treaties are, their *prizes* coming into our ports, and their armed vessels *cruising on our coasts*. It appears, then, that we have no advantages given us by those treaties sufficient to induce us to lay a tax of five per cent. on \$17,000,000 of importations, from Powers not in treaty with us, say, \$850,000 per annum, to act as a bounty on the manufactures of the nations in the treaty. These Powers are Spain, Portugal, Denmark, Russia, Hamburg, Bremen and the other Hanse towns, and Great Britain.

“Spain has a heavy duty on our flour, to encourage her own ; but not more than on that of other nations. She has also undertaken, in alliance with Great Britain, to prevent our taking our produce to France, contrary to the custom in former wars. It is true, the same two Powers attempted the same thing on a former occasion. Spain has by a late edict, granted to nations in treaty of commerce, license to trade in Louisiana, Florida, etc., which immediately excludes us, and this may be of serious consequence. The English will introduce a good market for tobacco there ; perhaps they may think it their interest to reduce the duty on that article, now 3s. 6d. per pound, to the same with ours, which is 1s. 3d., or if we pass these resolutions, make ours 3s. 6d., and theirs 1s. 3d. But Spain takes almost all their

<sup>1</sup> These treaties were of the class known as those of Peace, Friendship, and Commerce, not of the sort termed Maritime Reciprocity Conventions, limited in time, sometimes miscalled “treaties,” of which we had none before 1815.

flour, a great quantity of wheat, corn and lumber, beef, pork, fish, rice, etc., from us, and is our very best customer. She supplies us with *dollars*, brandy, wine, fruits, salt, and silk goods, on fair terms. Some of these are articles which cannot be procured from the Powers in treaty, and ought we to offend her, to gratify our resentment against England?

"Portugal refuses, since our Revolution, to take our flour. In every other respect she is among our best friends. She receives our wheat, corn, lumber, and many other articles; her late conduct calls for our sincerest gratitude. She supplies us with wine, salt, and some East India goods, lemons, etc., etc. Why should we declare a commercial war against a Power such a friend?"

So Mr. Smith, who was a merchant, went through the list of non-treaty nations, finding only the last one seriously at fault. Of her he said: —

*The Lion in our Way.* "I come now to the great stumbling block, Great Britain, against whom these resolutions point, and whose political conduct has been the fruitful topic of so much declamation. He concurred in opinion with those who had severely reprobated the conduct of their *piratical privateers* towards our navigation; but are those *good reasons* why we should commence a commercial war with more than one half the European nations, or even with her, unless we shall find it greatly to our interest? Alterations of commercial systems require time and much delicacy in effecting. We do not at present know what will be the result of proper remonstrances against the injuries we have suffered. Has Great Britain laid any restrictions on our commerce which are not similar to those she lays on that of other foreign nations? In fact, he thought we had a few advantages. . . . It is not what Britain may suffer by the system proposed, but the disadvantage which will be the consequence to the United States, that ought to be taken into consideration. Our duty is not to injure others, but to *protect* our own interest."

Mr. Smith then inquired, "What have we done to benefit our own commerce? In the first Congress a duty of fifty cents on foreign tonnage and six cents on our own gave an advantage of

forty-four cents in our favor ; and put us more than on a footing with the extra light money of 1s. 9d. sterling per ton on our vessels charged in all their ports except London. We also laid a duty of one tenth extra on goods by foreign vessels. What has been its consequence? In 1660 Great Britain passed their amended Navigation Law. The foreign trade was then one fourth of the whole ; in 1770 it was lessened to one sixth. What is the consequence of our law? The foreign tonnage in 1790 was nearly one third of the whole. In 1792 it was reduced nearly to one fourth, or as 244 to 568. This being the case, we have, by our existing laws and industry, decreased the proportion of the foreign tonnage one sixth. Thus have our existing laws done nearly as much in two years for us, as the navigation laws of Britain did for them in forty years." . . .

*Independence our Object.* Mr. Findley, of Pa., followed and easily confuted some of Mr. Smith's arguments. He took notice of the assertions that the additional duties proposed were not intended for protecting manufactures, nor as additional revenues, but as "bounties" to the nations with which we have commercial treaties ; that no other nation could furnish us with sufficiency of goods ; and also the question, "in what manner we will raise our revenues?" To which he answered, that "the political intention of the resolutions was to secure *our independence* as a commercial nation, and to make it *the interest* of certain European nations to enter into commercial treaties with us ; they have refused to treat, because they enjoy more advantages without treaties than they could expect, and treaties could secure to them. He alleged it was not properly a "commercial" war, or a principle of "revenge or retaliation," that was intended by the resolutions. . . . The design of the proposed measure is *to procure a reciprocity of advantages* in commerce without war ; it is calculated to procure *justice*, to secure the practical *enjoyment* of that *independence*, which, though we have established, after an arduous contest, we have not reaped the *advantages* which *ought* to have resulted from it, nor put ourselves in a capacity *to protect it*. . . .

"The proposed restrictions are necessary to raise a competition in European markets, and give an option to our merchants,

in different nations. . . . Depending on one nation for our whole supplies subjects us too much to the caprice and the fate of that nation. Supposing that nation to be at war with ourselves or our allies, we must be much embarrassed in our supplies, and find it difficult to find goods from nations who had not provided for our demands. Supposing a state of bankruptcy or insurrection to take place in the nation on which we depend for supplies, we will share in their distresses."

He enlarged upon the evils of the credit system extended by British merchants, whereby their nation had put the whole country under their influence, if not their prejudicial rule. The evils of the French treaty that had been cited did not spring from the commercial, but the military parts of it. "The British restrictions to which we were subjected, the encouragement given to the hostile Indians, was no longer a secret. The letting loose the Algerines on our commerce, the refusing to fulfill the definitive treaty, or to enter into a commercial one — all tended to prove that this was the proper time to assert our own commercial rights, not for revenge, but for *self-defense*. The present embarrassed state of Europe rendered such a measure necessary, and encouraged the prospect of its being effectual."

Mr. Goodhue, of Mass., suggested a direct meeting of the evils complained of in being shut out with our vessels from the British Provinces and the West Indies. Said he, "If we mean to redress this evil, we should point out measures to that object, and say, no foreign ships shall come to the United States from any place where our ships are prohibited; or, if they do come, they should come under some peculiar disadvantages."

Mr. Dexter, of Mass., opposed the resolutions. "He could not discover, upon inquiry, those unjust regulations which Britain was said to have established against the commerce and shipping of America. If other nations had not seen fit to retaliate, why should we? If attempts of this nature have been made without success in Europe, can we hope to succeed? Where is the commercial distinction made against America by Britain in favor of other commercial nations of the earth? There is none. . . . As for the carrying trade, it was worth while for poor nations to court it, but it never could be an object with a country like America."

*British and American Navigation Laws contrasted.* Mr. Giles, of Va., accounted for the 1s. 8d. duty in England on American tobacco, and 8s. 6d. on the tobacco of other countries — these were duties before the Revolution which had not been changed. As to the adage, "No friendship in trade," it is presumed that this saying can never be twisted to mean, that it is *better* to trade with an *enemy* than a *friend*. It would be deemed an act of folly in an individual to prefer an enemy for a customer to a friend; particularly if he knew that the enemy would cut his throat or rob him of his purse." . . .

Mr. Giles read a few passages from Mr. T. Coxe's <sup>1</sup> reply to Lord Sheffield upon commerce: —

## GREAT BRITAIN.

Prohibits American vessels from entering into the ports of several parts of the Dominions: The West Indies, Canada, Nova Scotia, New Brunswick, New Foundland, Cape Breton, Hudson's Bay, Honduras Bay and her East India spice market.

Imposes double light money on American vessels in most of her ports.

Prohibits the employment of American-built ships by her own citizens in many branches of trade, upon any terms.

Prohibits the importation of goods into Great Britain by American vessels, from any other country than the United States.

Prohibits the importation into Great Britain from the United States, by American vessels, of all goods not produced by the United States, and others, at all times.

## THE UNITED STATES.

Admit British vessels into all their ports, subject to a tonnage duty of 44 cents, or 24d. sterling more than American vessels; and an addition of one tenth to amount of the impost accruing to their cargoes.

Do not impose extra light money on British vessels in any of their ports.

Admit the employment of British-built ships by their own citizens in every branch of trade, upon the terms of 44 cents per ton and one tenth on the impost duty arising from their cargoes.

Admit the importation of goods into the United States in British vessels, from every country whatever.

Do not prohibit the importation into the United States from Great Britain, by British vessels, of any goods not produced by Great Britain.

<sup>1</sup> He was Assistant Secretary of the Treasury.

Prohibits for considerable terms of time, some of the principal agricultural products of the United States, and others, at all times.

Prohibits the importation of some American articles in American ships, or any but British ships, into her European Dominions.

Does not permit an American citizen to import goods into some of her Dominions, and to sell them there, even in British vessels. In other parts of her Dominions, she lays an extra tax on him or his sales.

Prohibits the consumption of some American articles, of which she permits the importation.

Prohibits the importation of American articles from foreign countries into British Dominions, even in her own ships.

Admit all and prohibits none of the agricultural productions of Great Britain, or her Dominions.

Do not prohibit the importation of any British article in British vessels, or any but American vessels.

Permit a British subject to import goods into all their ports, in any vessels, and to sell them there without any extra tax on him, or his sales.

Do not prohibit the consumption of any British article whatever.

Do not prohibit the importation of British articles from foreign countries in any ships.

Mr. Giles considered it unnecessary to recapitulate the aggressions of Great Britain upon the national rights of the United States. "He could not help repeating one circumstance — *her subjecting American vessels to seizure and search, and exempting those of Sweden and Denmark.* This evidenced a peculiar enmity leveled at the United States. Some unauthorized attempts were made upon the vessels of Sweden and Denmark, but firm and manly answers produced concessions. They were the only neutral nations besides the United States."

*No Faith in Britain or France.* Mr. Tracy, of Conn., opposed the resolutions. Said he: "American commerce is flourishing, and our navigation rapidly increasing. . . . Are the benefits promised by these regulations in any measure certain, or even probable? The great benefits promised are a *treaty* with Great Britain, a repeal of her Navigation Act as it respects the United States, and, in fact, a universal freedom of trade; and if these fail, an increase of our manufactures,

and a course of trade with France free as they please to give us. . . .

"One great object of these resolves is to effect a *treaty* with Great Britain, and we are told in the same breath that Great Britain is in the habit of *breaking*, not only the *Law of Nations*, but *solemn treaty*. . . . Our treaties are, by the Constitution, the *supreme law* of the land. This ties us up *unequally*, in case of treaty, as *no nation* is under *equal obligations to fulfill a treaty*." . . .

*A British Move Misunderstood.* Mr. Boudinot, of N. J., opposed the resolutions, and offered some excuses for the non-existence of a commercial treaty with Great Britain. "She was not always averse to it," he said. "The facts should be truly stated. In September, 1779, Congress thought it prudent to authorize and instruct their Commissioners to enter into a commercial treaty with Great Britain, in case of a peace. In July, 1781, when a negotiation for peace was likely to take place, Congress, on the principle that our true commercial advantages were not well understood, thought it best to avoid all unnecessary European connections; and therefore repealed the Commissioners' authority to enter into a commercial treaty, and withdrew their instructions. At the critical moment, when Great Britain had acceded to our Independence, and was impressed with the danger of losing our commerce, she came forward, and proposed a commercial treaty on rational and generous terms, which, for want of authority, was refused by our Commissioners. To this source was the Proclamation of the King of Great Britain owing, by which we were cut off from the West India trade. Before this mistake could be rectified, our disunion as to commercial regulations, and weakness as to national objects, were fully known to Great Britain; since which, he believed, she had wholly omitted to enter into further treaty with us."

It may seem singular that a statesman, in 1794, should not have understood the British policy in 1783. A British ex-official will disclose this in another chapter.

*The Conservatism of Massachusetts.* Mr. Ames, of Mass., seems to have been influential in marshaling the opposition of New England to the movement of Virginia, to advance the ship-



ping interest in 1794. While the principal shipping states hated England, they did not love France, and confided little in the goodness or wisdom of her newly-fledged statesmen. Towards the close of the debate Mr. Ames said : —

“ The question lies in this compass : Is there any measure proper to be adopted by Congress, which will have the effect to put our trade and navigation on a better footing ? If there is, it is our undoubted right to adopt it.” (But he proposed none.) “ By giving a steady and moderate encouragement to our own shipping, without pretending violently to interrupt the course of business, experience will soon establish that order of things which is most beneficial to the exporter, the importer, and the ship-owner. . . .

“ Great Britain is an active and intelligent rival in the navigation line. Her ships are dearer than ours ; on the other hand the rate of interest is lower in England, and so are seamen's wages.” He had already said (our) “ seamen's wages are high, freights are high, and American bottoms in full employment.” Also, that “ our tonnage exceeds the British in the European trade ” — war with France being on.

“ It has been said with emphasis, that the Constitution grew out of the complaints of the nation respecting *commerce*, especially that with the British Dominions. What was then lamented by our patriots ? Feebleness of the public Councils, the shadow of Union, and scarce the shadow of public Credit — everywhere despondency — the pressure of evils not only great, but portentous of civil distractions. These were the grievances, and what more was then desired than their remedies ? Is it possible to survey this prosperous country, and to assert that they have been delayed ? Trade flourishes on our wharves, although it droops in speeches. Manufactures have risen, under the shade of *protecting* duties, from almost nothing, to such a state that we are even told it is safe to depend on the domestic supply, if the foreign should cease. The fisheries, which we found in decline, are in the most vigorous growth. The whale fishery, which our allies would have transferred to Dunkirk, now traverses the whole ocean : to that hardy race of men, the sea is but a park for hunting its monsters ; such is their activity, the deepest

abysses scarcely afford to their prey a hiding place. Look around and see how the frontier widens, how the interior improves, and let it be repeated, that the hopes of the people, when they formed this Constitution, have been frustrated !

“ Our navigation is found to be augmented beyond the most sanguine expectation. We hear of the vast advantage the English derive from the Navigation Act, and we are asked, in a tone of accusation, shall we sit still and do nothing ? Who is bold enough to say, Congress has done nothing for the encouragement of American navigation ? To counteract the Navigation Act, we have laid on British a higher tonnage than our own vessels pay in their ports, and what is *much more effectual*, we have imposed *ten per cent.* on the duties, when dutied articles are borne in foreign bottoms. We have also made the coasting trade a monopoly to our own vessels.”

Then he quoted figures to show that, in three years' time the excess of American tonnage over foreign had increased over *four* times, being in 1792, 171,069, but in 1789, only 32,352 tons.

“ Is not this increase of American shipping rapid enough ? Many persons say it is too rapid, and attracts too much capital for the circumstances of the country. I cannot readily persuade myself to think that so valuable a branch of industry thrives too fast. But a steady and sure encouragement is more to be relied on than violent methods of forcing its growth. . . . As this is a growing country, we have the most stable ground of dependence on the corresponding growth of our navigation ; that the increasing demand for shipping will rather fall to the share of Americans, than foreigners, is not to be denied. We did expect this, *from the nature of our own laws* ; we have been confirmed in it from our own experience ; and we know that an American bottom is *actually preferred* to a foreign one.<sup>1</sup> In cases where one partner is an American and another a foreigner, the ship is made an American bottom. (To gain the advantage of neutrality.) A fact of this kind overthrows a whole theory of reasoning on the necessity of further restrictions. It shows that the work of restriction is already done. . . .

“ The nations with whom we have intercourse have, without

<sup>1</sup> For carriage to the United States.

exception, more or less restricted their commerce. They have framed their regulations to suit their real or fancied interests. The code of France is as full of restrictions as that of England. We have regulations of our own, *and they are unlike those of any other country.* Inasmuch as the interests and circumstances of nations vary so essentially, the project of *an exact reciprocity on our part is a vision.* What we desire is, to have, *not an exact reciprocity,* but an intercourse of *mutual benefit and convenience.* . . .

“When we propose to make an effort to force a privilege from Great Britain which she is loath to yield to us, it is necessary to compare the value of the object with the effort, and above all, to calculate very warily the probability of success. A trivial thing deserves not a great exertion; much less ought we to stake a very great good in possession for a slight chance of a less good. The carriage of *one half* the exports and imports to and from the British West Indies is the object to be contended for. Our whole exports to Great Britain are to be hazarded. . . . Not one merchant has spoken in favor of these resolutions, not one commercial state has patronized them. . . . In the commercial conflict, say they, we shall surely prevail and effectually humble Great Britain. In *open war* we are the weaker, and shall be brought into danger, if not to ruin. . . . By cherishing the arts of peace, we shall acquire, and we are actually acquiring, the strength and resources for a war. Instead of seeking *treaties*, we ought to shun them, for the later they shall be formed, the better will be the terms — we shall have more to give and more to withhold.”

*Objections answered.* Able as had been the set speeches of the opposition, Mr. Madison had no difficulty in answering all the strong points made. He had greatly the advantage in knowledge of his subject, and consequently made few mistakes. He knew the laws of Europe nearly as well as those of America. As for the treatment of our young nation by Great Britain, he observed: —

“It is said that Great Britain treats the United States as well as she treats other nations, and therefore they ought to be satisfied. If other nations were willing to bear *unequal regula-*

tions, or unable to vindicate their rights, *it was no example for us.*

“But is it true that the same degree of reciprocity subsists between the United States and Great Britain, as between Great Britain and other countries? He did not admit this to be the case. Where treaties existed they stipulated, in many instances, mutual and equal conditions of intercourse.” He gave an example in the treaty of Methuen, “in which the admission of British woollens by Portugal was balanced by the admission of Portugal wine by Great Britain. The treaty with France, of late date, was another example, where a variety of reciprocal privileges and countervailing duties were minutely provided for. Where no treaties existed, or where they were silent, there were often *legal* regulations reciprocating the regulations of Great Britain.” He referred to the laws of Sweden and Denmark, on the subject of manufactures, as instances.

“It is said Great Britain treats us as well as other nations treat us. What nation had such a Navigation Act? What nation besides excludes us from a circuitous trade? What nation excludes us from carrying our own commodities, in our own bottoms, where the carriage is allowed to her bottoms?”

“It is said, that at least Great Britain treats us as well as we are treated by France, who will be favored by the Resolutions.” On this subject he cited the Message of the President.

Then Mr. Madison entered into a particular review to show in what light the two nations stood to us, in respect to their commercial policies at the time of the debate. From this review his contention was clearly correct. “In every view, it was incumbent on the United States to cultivate intercourse with the French nation.”

*The Absurdity of War Talk.* “Of all the objections suggested against the Resolutions, the most extravagant and chimerical was the idea of a war with Great Britain in consequence of them. He was at a loss to say, whether such a suggestion were a greater insult to the character of that nation or to the understanding of America. At the utmost, the propositions go only to a *reciprocity*. They do not in fact go so far. On what imaginable pretext, then, can Great Britain make *war* upon us?”

If we were no longer Colonies, but independent States, we surely can do what all independent States do — *regulate our trade as may suit our own interests*; and Great Britain can have the least right of any nation to complain of it, because it is *her own example* which we follow. If war, therefore, should be made upon us, it would only prove a fixed determination to make it; and in that case pretexts more plausible than any commercial regulations could easily be found or framed for the purpose. . . .

“He could not but view the present as, perhaps, the final chance of combining the opinions and interests of the Union in some proper and adequate plan. If, at a moment when so many occurrences conspire to unite the public councils, when the public mind is so well disposed to second all equitable and peaceable means of doing justice to our country, and when our commerce is so critically important to the vital resources of Great Britain, it should be found that nothing can be done, he could foresee no circumstances under which success was to be expected. To reject the propositions, therefore, whilst nothing better was substituted, must convey the most unfavorable impressions of our national character, and rivet the fetters of our commerce, as well as prolong other causes which had produced such injurious consequences to our country. He would not permit himself to apprehend that such would be the event of the deliberations of the Committee.”

The times, however, proved unpropitious to the carrying out of the Madison Resolutions. Other measures became urgent. The tariff was increased, and an important change made in the case of goods brought by foreign vessels. Instead of a rebate on goods by American vessels, ten per cent. *extra duty* was laid on goods by foreign vessels. The effect was to increase the discrimination against the latter. Meanwhile President Washington nominated Judge Jay as Envoy to England. The Senate confirmed the nomination, and the immediate effect was the suspension of discussion before the House of the important resolutions, whose policy was doubted under the circumstances then existing.

## CHAPTER IX.

### BRITISH HOSTILITY TOWARDS AMERICAN NAVIGATION.

*Overbearing Course of England.* Ever since the plot of Cromwell to attack the Dutch, capture their extensive carrying trade, and bring the commerce to the feet of his Commonwealth, the British have indulged a proud ambition, to excel at sea, and to rule, at least, the maritime world. This principle has inspired the course of England for two hundred and fifty years. Their first real defeat was acknowledged in the *Independence* of the United States. Here was a fresh foe planted in a new world — a shipbuilding, navigating, commercial people, that might, if not prevented, thrive, grow rich and great, and overtake Britannia. They would see that this did not happen. “America” must not launch many ships upon the ocean. She must be taught by “restrictions” to humbly till the soil, to coast a little, fish a little, and be content to let British shipping carry her foreign commerce. As England willed, as to our marine, so it has eventuated.

*Madison’s Charitable View.* In the debate upon his resolutions, sketched in the preceding chapter, Mr. Madison was asked what ground existed for imagining that Great Britain would be led, by the measures proposed, to change her policy towards the United States? He replied : —

“It is well known that, when she apprehended a readiness to admit a greater reciprocity into the commerce between the two countries, a bill for the purpose was brought into the House of Commons by the present Minister, Mr. Pitt, and would probably have passed into a law, if hopes had not sprung up that they should be able to maintain their exclusive system. Knox, an under-Secretary, appears to have been the chief adviser in the cabinet, as Lord Sheffield was the great champion before

the public of this experiment. It was founded, according to both witnesses, on a belief, first, that Nova Scotia and Canada would soon be able to feed the West Indies, and thereby make them independent of supplies from the United States. Second, that the general Government (ours) was so feeble that it could not execute a plan of retaliating restriction. Third, that local interests and prejudices predominated so much among the States, that they would never agree in making an attempt."

Mr. Madison misinterpreted generously the policy of Mr. Pitt, which was not to show liberality, but to prevent the States from resorting to the protective acts which passed, later, the different State Legislatures, as shown in chapter iv. Political economy has never cut any figure in British policy. It has simply veiled it. Every minister in Britain well knew that a *footing-in-law* might be equal, where the *footing-in-fact* was most unequal and out of level. Why did the British need their Navigation Act and their superior fleet to take the carrying trade from the Dutch? America could apply history. England would take time by the forelock, play *liberality* and await events. Ambition for the sea must not take root in the United States. It was most fortunate for us that Pitt's purpose had no popular backing, and that his bill was laid aside.

*Testimony as to British Antagonism.* A Secretary of the British Board of Trade, a branch of Government established to overlook the commerce of the Colonies, and later to take in the business of the world, should be good authority on commercial history. Such was Mr. John Macgregor, author of "Commercial Statistics of America," etc., published about 1846, when "Free Trade" had become a popular cry in England. From this work, vol. iii. pp. 1129-1132; we make the following quotations:—

*Minister Pitt's Bill.* "In justice to Mr. Pitt, we must absolve him from any share of illiberality in regard to such a commercial intercourse with the United States. In March, 1783, he brought into Parliament a bill for the temporary regulation of this intercourse. By this bill vessels belonging to citizens of the United States were to be admitted into the ports of the West India Islands, with goods, or merchandise of American

growth or produce ; and they were to be permitted to export to the United States any merchandise or goods whatever ; subject only to the same duties and charges as if they had been the property of British natural born subjects, and had been exported and imported in British vessels.

“ Violent opposition was made to this bill by the British *shipping interest*, headed by Lord Sheffield ; and the Pitt administration being soon dissolved, the bill itself was laid aside ; and the power of regulating the commercial intercourse between the two countries was, by the succeeding administration, lodged with the King and Council. By orders in Council soon after issued, American vessels were entirely *excluded* from the British West Indies ; and some of the staple productions of the United States, particularly fish, beef, pork, butter, lard, etc., were not permitted to be carried there, even in British bottoms.”

*The Cause of our Shipping Difficulties.* In this paragraph we have the *secret* of all the difficulties which we have ever experienced in accomplishing the carriage of our own commerce — *the British shipping interest make a “violent opposition” to it.* The British Government — the Ministry, Ambassadors and Consuls — are vigilant agents of this interest. The “Lloyds” are another agent, and there are others. Minister Pitt would have managed to prevent any American ship protection, while the Sheffield school had faith in rough treatment. There was no difference in design. Continuing, Macgregor writes : —

“ But we must admit, that if there were an absence of wisdom, in respect to commercial policy, in the general, as well as in each State Government, there was manifested in the policy of England a *far more* lamentable spirit. When Mr. Adams, the United States Minister at the Court of St. James, proposed, in 1785, to place the navigation and trade between all the dominions of the crown of England and all the territories of the United States of America upon a basis of perfect and liberal *reciprocity*, this generous proposal was not only positively rejected, but he was given to understand that no other would be entertained.<sup>1</sup>

<sup>1</sup> John Adams, in his letter to John Jay, our Secretary for Foreign Affairs, dated London, 21st Oct., 1785, referring to this rebuff, said: “This being the state of things, you may depend upon it the commerce of America will



Instead of acting wisely, and scorning an offer which would have been so beneficial *to the empire* (but not to the States), it was, by strong sovereign will, decreed, that the full measure of stringency provided for in the Navigation Act should be extended to the ships, the trade, and the citizens of the United States.

"In consequence of this wretched policy, on the part of the then sovereign and ministers of England, the Government of the United States, on the adoption of the Constitution, passed also a Navigation Act, which, as regards British trade and shipping, contained the same provisions as the Navigation law of England.<sup>1</sup> . . .

*Odium of British Navigation Laws.* "Foreign countries always complained of the British Navigation laws; but during the war (with France) the circumstances detailed, in the first of this article (natural advantages), rendered any countervailing legislation, on the part of European nations, of little injury to British trade or shipping. This circumstance did not, however, apply to the maritime and commercial relations between the British empire and the United States. These considerations led finally to the adoption of the *reciprocity system*, which was first argued, and advocated, as well as the system of countervailing and protective duties, by the celebrated Alex. Hamilton."<sup>2</sup>

This discloses another *secret* concerning the undoing of our marine in the foreign trade. Our natural advantages and the wise encouragement of navigation, due more to the exertions of Jefferson and Madison, than to Hamilton or any other statesman of those favoring an American marine for American commerce, proved to the British *shipping interest*, that Pitt's original policy was intelligent and foreseeing. The Navigation Act that could

have no relief, at present, nor, in my opinion, *ever*, until the United States shall have generally passed navigation acts. If this measure is not adopted, we shall be derided; and the more we suffer, the more will our calamities be laughed at. My most earnest exhortations to the States, then, are, and ought to be, to lose no time in passing such acts." (Treated of in chapter iii.)

<sup>1</sup> Congress did not adopt any part of the British Navigation Act. Our laws differed from those of any nation. They agreed in *protectiveness*, but in nothing else.

<sup>2</sup> Mr. Jefferson must be meant.

drive the Dutch off the sea, and repress the growth of the shipping of other European nations, was not qualified to cope with the energy, the skill, the persistency, and the legislative genius of the American people. Our nautical race with Britain was a winning one, until her diplomacy overreached our Government, beginning with our first "reciprocity convention" in 1815. This "treaty," so miscalled, would never have been made by the British, but for the conviction that it would furnish a *footing-of-fact* advantage to them, in the race to be run under its protection. We quote further:—

*British Failure to Counteract our Laws.* "In the American Navigation laws, countervailing duties were imposed, &c. of half a dollar per ton (44 cents) beyond what was paid by American ships, this was soon after doubled (in 1804). These countervailing duties were directed against the navigation of Great Britain, and grounded upon the same principles as the British laws. *Various measures to counteract the American system were devised by the British Government, and they failed upon the principle of our continuing to maintain in full force the Navigation laws.* To all *intelligent men* it became evident that we had engaged in an *unequal struggle*, and that the real effect of our policy was to give a *bounty* on the importation of the manufactured goods of other countries, into the United States, to the gradual exclusion, both of our manufactures and ships, from the ports of America. By a commercial treaty agreed upon between Great Britain and the United States, in 1815, it was stipulated that in future (the term stipulated was but four years) *equal charges* should be imposed on the ships of either country in the ports of the other, and that *equal duties* should be laid on all articles, the produce of one country imported into the other, whether such importation were effected in the ships *of the one or the other*, and further that no higher duties should be levied upon the produce of, or manufactures of the one, or the other, than upon the produce or manufactures of the most favored nation."

*British System Beaten by our Own.* Here we have a most important *admission*—in fact, positive testimony, that, navigation system against navigation system, Great Britain was beaten

by the United States until she sickened for a change of circumstances, conditions — anything for an experiment. To aid her Navigation Act, she had, for more than twenty years, boarded our ships and robbed them of seamen, broken up our voyages, confiscated vessels and cargoes on occasion, brought on the war of 1812, with intent to sweep the sea of American shipping, but our flag continued to fly. She lost eleven out of thirteen actions, yet she succeeded in bluffing our Government into giving her a new opening and another chance — *which has enabled her to accomplish our defeat* in time of peace. Great Britain wanted “reciprocity” with the United States, but did not care about it from other nations. She kept right on with her Navigation Act, except as to the United States in transatlantic trade, down to 1850. Her “unequal struggle” with “America” taught her to get rid of it. With much unwisdom we relieved *the British shipping interest*, and packed its “unequal” burdens upon our own. We had no need to do this, save to pacify an adversary. We quote again : —

“This is usually considered the first English reciprocity treaty ; but such is not the fact. Our early treaties with Spain and Denmark (and that of Methuen with Portugal) were reciprocity treaties : in the trade of which countries *England*, however, *had always contrived to obtain the chief advantages.*”

So the reciprocity of 1815 was only a contrivance, not the prompting of liberality and disinterestedness, as supposed by some. Surely, to our country, the original Navigation Act, in force when Macgregor wrote, was preferable. He notices that “the Americans continue to complain . . . that the full principle of reciprocity is not faithfully observed.” He takes this to mean that we would like to be admitted to the British and Colonial *coasting trade*, whereupon he makes an argument favoring this one-sided proposition.

*An Argument for Opening our Coasting Trade.* “We admit this legal inequality ; and *we are convinced* that it would be for *the interest of both nations* to place the trade of every port in the United States, and every port of the British empire, for the ships of both countries, upon the footing of *unrestricted* coasting trade. There is no one could deny the immense in-

crease of the carrying trade which, under a *liberal tariff*, would follow. The shipping of both countries, instead of being injured, would benefit by such a *truly great* measure. If the countries constituting the United States had continued to this day British *possessions*, this would have been the present state of the trade and navigation between those countries and every other part of the British empire. To deny this, would be the same as saying it would be wise commercial policy to place the navigation between the different ports of the United Kingdom and those of British America and of the West and East Indies upon the same footing as the laws of trade and navigation with foreign ports. Why should not England and America now enjoy the most unrestricted mutual commercial advantages, when England has neither the expense nor perplexity of governing the American States, as Colonies, and when the Americans have not the argument to urge of British subjection, interference, or menace?"

The answer to this is simple — we should be cheated out of our trade. That has been the result of our experience under the "reciprocity" undertaken in respect to foreign commerce. Moreover, the North American Provinces, that remained "loyal," had the benefit of the same system of shipping policy with the "Mother country" since 1850; for a while their ship-building and carrying were tolerated, but where now is the Canadian marine? Doomed to extinction, perishing, or swept away. The shipping interest of the United Kingdom has no further use for Provincial competition.

*The British Government on our Acts of 1789.* It was known full well, in England, that the failure to pass Pitt's bill brought about the Union and the Constitution, and the efficient protection of American shipping. Mr. Macgregor noticed this fact, and remarked upon the action taken by the British Government in reference to our ship encouragement as follows: —

"The acts passed by the first Congress that met under the new form of Government, imposing the discriminating tonnage and other duties, *did not escape the particular notice* of British statesmen. Their injurious effects, upon the navigation interest of Great Britain, were at once perceived by them. They saw

that American commerce was no longer at *the mercy of thirteen* distinct legislative bodies, nor subject to *the control* of the *King and Council*. As early as the 30th September, 1789, therefore, the Acts imposing those duties were referred to the lords of the committee of the Board of Trade.

"The same Committee was afterwards instructed to consider and report, what were the *proposals* of a *commercial nature* it would be proper to be made by their Government to the United States."

"In January, 1791, this Committee made a report, not only upon the subject of the American duties, but also upon the general subject of the commercial relations between the two countries. This report was drawn up by Lord Liverpool; and on the subject of a commercial treaty, especially in reference to navigation, it states — 'After full consideration of all that has been offered on the subject of navigation, the Committee think that there is but one proposition, which it would be advisable for the Ministers of Great Britain to make, on this head, to the Government of the United States, in a negotiation for a commercial treaty between the two countries, viz.: that British ships, trading to the ports of the United States, should be *there treated*, with respect to the duties on tonnage and imposts, *in like manner* as the ships of the United States shall be treated in the ports of Great Britain.'

"The Committee add, however, — 'If Congress should propose (as they certainly will) that this principle of *equality* should be extended to the ports of our Colonies and islands, and that the ships of the United States should be *there treated* as British ships, it should be answered, that this demand cannot be admitted, *even as a subject of negotiation*.'"

*Different Ideas of Reciprocity.* This was British reciprocity, a mere reciprocation of *legislative acts*, where it would do British shipping the most good. The American idea was quite different. Washington, Jefferson, Madison, and their compatriots, desired "*reciprocal benefits*," "*equal footing-in-fact*;" in short, FAIR PLAY. Macgregor quotes the Committee further: —

"As to the *advantages* this circuitous trade would secure to

British shipping, the same Committee (Lord Liverpool's) says — 'Many vessels now go from the ports of Great Britain carrying British manufactures to the United States; there load with lumber and provisions for the British islands, and return with the produce of these islands to Great Britain. The whole of this branch of trade,' they add, 'may also be considered as a *new* acquisition, and was attained by your Majesty's order in Council before-mentioned, which has operated to the increase of British navigation compared with that of the United States!'

The plan of the Committee was for their Parliament to control the situation; whatever law it made Congress was to accept, as in Colonial times. The only competition with us would be confined to outward transatlantic voyages. A British ship coming to the "States" would compete with an American, but she would be at home at starting, and have the *preference* for a freight. An American vessel coming from the same British port would, to say the least, stand a poor chance to get a cargo, at any rate, and would probably return in *ballast*. From one of our ports to the West Indies, the British ship would have no American competition, nor would she from a West India port to England, with cargo. Thus, with employment on each side of the triangle, the British ship would have a footing-in-fact worth a fortune, while the American vessel with her footing-in-law would have only an empty purse, and her flag would soon disappear. Lord Liverpool well understood the subject, and knew that his proposition was unfair.

*The "Jay Treaty."* The British Ministry seems to have accepted the Liverpool report with a determination to carry out its suggestions at the first opportunity. This came with the making of the Jay Treaty, 1794. For some time previously they had read the proceedings of the House of Representatives, and particularly the report of Mr. Jefferson, Mr. Madison's Resolutions, and the debate following, with interest and animosity. They would rather make a war upon us, than a treaty with us, but lacked an excuse for a war. However, on the 6th November, 1793, instructions were issued to seize and confiscate all neutral (American) vessels bound to France. Just then

the British and their allies expected a few more victories would lay all France at their feet. But the tide of war turned. The British cause lost ground in France, and "American" neutrality developed great usefulness to England in her plan of attacking the French West Indies. She needed our provisions there. Making a virtue of necessity, she changed her hostile order, and Lord Grenville intimated to our Minister at London that he would gladly make a commercial treaty, such as some "evil-disposed persons" in Congress were making a fuss about; saying in effect that he had modified the King's order partly out of sympathy for the good intentions of our Executive, and to help frustrate the designs of the aforesaid "evil-disposed persons."<sup>1</sup>

The Jay Treaty was concluded 28th October, 1794, but not proclaimed and sent to the House, where measures for its execution required consideration, until 1st March, 1796. The Senate rejected its West India article, and the President, after considerable delay, reluctantly signed it, as the British kept on boarding our vessels, and impressing our seamen. The debate in the House was long and disagreeable. It required the Speaker's vote to settle different questions, and had the House but stood upon its constitutional rights, this wretched Treaty would never have been executed. It was a pitfall to be avoided.

*What Madison said of it.* Mr. Madison took the Jay Treaty very much to heart. He had long argued to the House the importance of a commercial treaty with Great Britain, in the expectation that one could be made with fairness towards his country. While he made a very able speech in opposition to its adoption, the tide of sentiment was in its favor. The Treaty held out the hope of the British paying \$5,000,000 for seized and confiscated vessels and cargoes, one consideration alone that was sufficient to control many votes. We extract as follows from Mr. Madison's speech:—

"Thirdly. The commercial articles of the Treaty presented the third aspect under which he was to consider it. In the free intercourse stipulated between the United States and Great

<sup>1</sup> Mr. Madison and his friends.

Britain, it would not be pretended that any advantage was gained by the former. A treaty was surely not necessary to induce Great Britain to receive our raw materials and to sell us her manufactures. On the other hand, consider what was given up by the United States.

“When the Government came into operation, it is well known that the American tonnage employed in the British trade bore the most inconsiderable proportion to the British tonnage. There being *nothing* on our side to counteract the *influence of capital and other circumstances* on the British side, that disproportion was the natural state of things. As some balance to the British *advantages*, and particularly that of her *capital*, our laws had made several regulations in favor of our shipping, among which was the important encouragement resulting from the *difference of ten per cent.* on the duties paid (on imports) by American and foreign vessels. Under this encouragement the American tonnage had increased in a very respectable proportion to the British tonnage. Nor has Great Britain ever deemed it prudent to attempt any countervailing measures for her shipping, well knowing that we could easily keep up the *differences by further measures* on our side.

“But by the Treaty, she has reserved to herself the right to take such countervailing measures against our existing regulations; and we have surrendered our rights to pursue further defensive measures against the influence of her *capital*. It is justly to be apprehended, therefore, that under such a restoration of the former state of things the American tonnage will relapse to its former disproportion to the British tonnage.”

The benefit of the Jay Treaty to British vessels in our trade is evident from statistics, as follows:—

(5) BRITISH ARRIVALS OF TONNAGE AT AMERICAN PORTS.

Years 1789 . . .	212,544 tons.	Years 1797 . . .	33,168 tons.
1790 . . .	216,914	1798 . . .	40,773
1791 . . .	210,618	1799 . . .	54,087
1792 . . .	206,065	1800 . . .	71,689
1793 . . .	100,180	1801 . . .	111,593
1794 . . .	37,058	1802 . . .	104,473
1795 . . .	27,097	1803 . . .	104,336
1796 . . .	19,669	1804 . . .	73,500
(Effect of “Light money” charges, 1804)		1805 . . .	65,408



*The Weakness of Judge Jay.* It was supposed Judge Jay was a man of nerve, as well as of learning, but in this he disappointed the country. Mr. Nicholas, of Va., in an able speech criticising the Treaty, said:—

“It will not be understood that I suppose it was in Mr. Jay’s power to make his own terms, but I complain of his *treating at all* on the terms he did. It is said that it was not in his power to extort what he wished, but I complain that *he yielded* to the extortion of Great Britain. What has he left her to ask, what has he not surrendered? While professing, as the Treaty does, that there were important points of our commerce left for future negotiation, why bind us to continue to Great Britain the fullest share of our commercial privileges? If the Treaty had been the most complete and satisfactory, would it not be necessary to leave something to enforce its execution? What weapons have we that can reach her? The Treaty makes war indispensable, as the only redress of injuries,<sup>1</sup> and how will war from the United States reach Great Britain? It was certainly improper to give up all power of restricting *her* commerce until the same instrument contained the fullest satisfaction *as to our own*. It was improper to give up all the power of seizing on the debts of her subjects, for this, when the power of restricting her commerce was bartered for equal privileges, would be the only means of maintaining respect. . . . On the whole, having fully satisfied myself of the obligation to examine the operation of this Treaty, and to weigh well its effects before I give it my aid, I must determine that I scarcely see *one interest* of the United States promoted by it, while, on the other hand, it has established Great Britain in that dominant situation which she is too apt to make use of. All our powers are sacred trusts, and how it is possible for any gentleman who thinks the execution of this Treaty among them to give it his assent, is to me inconceivable.”

*British Preponderance Preconcerted.* In a thorough manner Mr. Giles, of Va., took up and considered each of the many articles of the Treaty. Of the 10th he said:—

<sup>1</sup> This was well exemplified in a few years afterward. Entire freedom from this Treaty came with the war of 1812.

"This article also had assumed the resemblance of reciprocity ; but no reciprocity in fact," — the British having much money and large investments in America, while the people here had only slight interests in England.

Of the 12th article he remarked : —

"The 12th is the first of the commercial articles. This is suspended. It was intended to regulate the trade between the United States and the British West Indies ; so far, therefore, as it permitted that trade to be carried on, it was intended as a concession to the United States ; the rigid restrictions accompanying the concession, however, rendered it *so paltry* that the Senate rejected the concession, although the Envoy had accepted it. But in what situation has the rejection left the United States ? They are now engaged in a commercial treaty with Great Britain, in which they have surrendered almost every commercial advantage they had to bestow, and are still wholly excluded from the West India trade. He had always understood that the West India trade was the great object of commercial negotiation with Great Britain, but now that is formally relinquished. It may be said, that further negotiations upon this subject are promised ; but what inducement will Great Britain have to relax her colonial regulations, provided this Treaty should be carried into effect ? She had already without this relaxation placed the commerce between the two countries precisely upon the footing she wished ; and the United States have yielded every commercial advantage which might have been exchanged for that relaxation." . . .

The British had it fixed by this article that American vessels "not being above the burthen of *seventy tons*" (or fifty of our present measurement) might trade to the West Indies and return, "landing their cargoes in the United States only." The limitation of *size* in our vessels was intended as a handicap for the *protection* of British ships, which were generally three or more times the tonnage named, and therefore able to carry *cheaper* than craft so much smaller. Under this restriction the little trade and transportation that we might secure would not hurt the British shipping interest, while, possibly, it might silence the complaints of our own. Again we were to "*prohibit and*

*restrain* the carrying any molasses, sugar, coffee, cocoa, or cotton in *American* vessels, either from His Majesty's islands or *from the United States* to any part of *the world* except the United States." This article was to be in force, not simply twelve years, like the other commercial articles, but during the war against the *French*, and for two years beyond the signing of articles of peace — a period of twenty-two years. Verily, the Jay Treaty deserved denunciation.<sup>1</sup>

"The 13th article contained regulations for the East India trade. This has been held up as an apology for the commercial defects of the Treaty, and as securing to the United States a right which before was a courtesy — (on the part of the Governor of India). He believed this was a better security than a treaty right, being founded on the interest of the parties. . . . But the prohibition of the exportation of East India articles to Europe in American bottoms is a restriction that does not now exist. . . .

"The 15th article is highly objectionable — it authorizes Great Britain *to equalize duties*, etc. There is no real equivalent in it. We take one third of the surplus manufactures of Great Britain. On this ground the discrimination in favor of American over British bottoms has been built, and the growth of American shipping has very considerably increased in consequence of this policy. Our experience, therefore, is bartered away without even the probable calculation of countervailing advantage. . . . It is remarkable, from the whole complexion of the Treaty, that the advantages gained by Great Britain *consist in restrictions* imposed upon the United States, as if her object was *to restrain* the United States in the *exercise* of their rights of *sovereignty*." . . .

"The twenty-third article was that in which he expected to have found some provisions for the *protection* of American *seamen* against British impressments; instead of this humane and salutary provision, he found that the officers and crews of those

<sup>1</sup> As to consequences of the rejection of Article XII., Macgregor says: "In respect to American trade with the West Indies, the ports of the latter were open to United States' vessels on the payment of differential duties, from 1795 to 1807."

very ships of war, engaged in the unauthorized impressments are to be hospitably received in the ports of the United States. Strange substitute this, for the protection of American seamen ! The British have been impressing our seamen since the signing of this very treaty, and the House is called upon to make provisions for effectuating a 'Treaty of Amity' with the nation committing these wrongs ! . . . Now we are told, if the House should exercise its Constitutional check, a dissolution of the Government would necessarily ensue. This conclusion seemed to him without foundation." . . .

*British Interference and Influence.* He remarked that "the treaty had *originated* from an intimation of Lord Grenville, the British signatory. This had always excited his apprehension ; it was commenced against the known sense of the House of Representatives, and every step of its progression seemed to have been marked with peculiar coercion. When a British Minister undertakes to declare that the motive for the revocation of the hostile order (6th November, 1793) was to take away every pretext from 'evil-disposed persons' among us, who, according to the intelligence he had received, 'were endeavoring to irritate our people against Great Britain, as well as to oppose the measures of our own Government, and to assign the same reason for refraining from giving that opposition to some exceptionable measures of our Government, which he might otherwise have done ; and when the United States so far listened to this language as immediately to enter into negotiation upon the subject, his apprehensions of *British interference* and *British influence* were strongly excited, particularly when the British Minister seems to make *common cause* between the two Governments against what he is pleased to call 'evil-disposed persons.' . . .

"Gentlemen had often said, show us the danger of British interference — of British influence. The Treaty itself contained the evidence. The Treaty itself corresponded with what he considered *the object* of the British Minister in giving the invitation to it. He found it in the following particular instances : Before the Treaty, the right of laying a *special*, as well as a general, *embargo* existed in the United States ; the right of laying a special embargo upon *British vessels is surrendered*. Before

the Treaty, the right of *sequestration* existed, and the exercise of it was proposed ; this right, so far as it respects *Great Britain*, is forever *surrendered*. Before the Treaty, the right of discriminating against *British goods* in favor of those of other nations existed, and the exercise of it was proposed ; this right is *surrendered*. Before the Treaty, the right of suspending *commercial intercourse* with Great Britain existed, and was proposed to be exercised ; the exercise of that right is *stipulated against* for a limited time. All these are *restrictions* of the exercise of the *rights* of *National sovereignty*, and seemed to him *complete evidence of British interference*."

He pronounced the Jay Treaty a torch of discord thrown into the United States. But Judge Jay has not been the only American diplomat who has had to handle the ivy oak of old England and to be poisoned by its touch.

## CHAPTER X.

### PERSEVERANCE IN OUR SHIPPING POLICY.

*Discontent under the Jay Treaty.* The operation of this one-sided agreement pleased neither party. It did less harm to American shipping than our people feared, and much less than the British desired. On both sides, it created a disposition to try something else. With the advent of Jefferson's administration, the British could scarcely hope for renewal, while we had citizens who began to think it would be fine if Governments would cease to scheme for ascendancy at sea, and permit the *cheapest* carriers to get the freights. Their reason was not economic, but they thought American vessels could carry cheapest, and would therefore get the business.

In England, especially in Government circles, the idea of Minister Pitt in 1783, to arrange with the "States" that Protection of Shipping be not at all resorted to, gained friends rapidly when it was found that the advantages of the Jay Treaty were insufficient to kill off with speed the wonderfully vital "Yankee" marine — with no right to exist. When war times returned, their frigates and privateers should chase it off the sea. Europe was then resting under the peace of Amiens. We had ended our war with France, but one with the Barbary States seemed probable, and the outlook for our shipping was rather discouraging.

#### EXTRACT FROM THE PRESIDENT'S MESSAGE OF 1801.

"Agriculture, manufactures, commerce, and navigation, the four pillars of our prosperity, are then most thriving when left most free to individual enterprise. *Protection from casual embarrassments*, however, may sometimes be seasonably interposed. If in the course of your observations or inquiries they should

appear to need any aid, *within the limits of our Constitutional powers*, your sense of their importance is a sufficient assurance they will occupy your attention. We cannot, indeed, but all feel an anxious solicitude for the difficulties under which our carrying trade will soon be placed. How far it can be relieved, *otherwise than by time*,<sup>1</sup> is a subject of important consideration."

These remarks were well calculated to assure the country that perseverance in its shipping policy was to be expected from the new Administration. Its principal statesmen had led in favoring all the measures comprising it, and would not change their minds with the assumption of responsibility. But there was one exception to this rule. Mr. Samuel Smith, of Maryland, who had moved the *ten per cent.* rebate of duties, in 1789, initiated in the House a movement looking to the repeal of discriminating duties, the better to protect our carrying trade, as he alleged.

*Proposed Repeal of Discriminating Duties.* The House being in Committee on the President's message, Mr. Smith made the following remarks: —

"Among other objects to which the President had attracted the attention of the House, was the commercial situation. We were informed that peace had taken place among the powers of Europe. It became Congress to direct its attention to consequences that might proceed from such a state of things; and particularly to the injuries that might attach to our carrying trade. It was known that under the British treaty, 1794, Great Britain, going perhaps *beyond the meaning* of the Treaty, had imposed heavy *countervailing* duties on our goods, and that certain acts of France had the same effects, whereby many of our most valuable exports would cease to be carried in our own bottoms. Early under the present Government it had been deemed wise to lay discriminating duties, which had tended greatly to assist our carrying trade. Our capital had greatly increased, and if foreign nations restricted our trade by *unfair regulations*, it became us to adopt countervailing measures, and this could

<sup>1</sup> Mr. Jefferson had in view, no doubt, the termination of the Jay Treaty. Madison, its strenuous opposer, was Secretary of State.

now be done with the more safety and effect from the force of our capital. He therefore offered a resolution proposing a repeal of discriminative regulations."

Next day this resolution was taken up. Mr. Griswold, of Conn., hoped its mover would assign the grounds for it. "The acts imposing discriminating duties had long existed, with great and good effect to our commercial interests. He wished to know what effects would flow from a revocation of those restrictions, and whether the proposed measure would not operate to the prejudice of the United States. In its effects the Eastern States would be particularly interested, and the more especially at this period when, from the consequences likely to ensue from peace, our ships may be thrown out of employment."

*Mr. Smith's Reasons for Repeal.* The President's hint that "time" might work favorably seemed to call forth Mr. Smith's assurance, that "if the measure he proposed had, in his opinion, the least tendency to injure the commerce of the country, he should not have advocated it, as well from a regard to the deep stake he himself held, as from a regard to the interests of his constituents. The system of discriminating duties was *a wise one* in the early existence of the Government; our own shipping was then *unequal* to the carrying of our produce. The discrimination *operated as a charm* in producing a rapid extension of shipping beyond the most sanguine expectation.

"Our trade remained in this situation until the formation of the British Treaty. By that instrument Great Britain was permitted to lay countervailing duties,<sup>1</sup> and these had been so imposed as, in time of peace, to destroy the advantages attached to our shipping over theirs. The effects of this regulation were not immediately felt by us. England was at war, and her freights were charged with *war insurance*, while ours were exempt from such charges. Under these circumstances English bottoms could not enter into competition with American, as the war insurance of the former exceeded the inconveniences imposed on the latter.

"But peace being now restored,<sup>2</sup> British ships will have such

<sup>1</sup> The Treaty forbade our meeting such duties, as otherwise we could have done to advantage.

<sup>2</sup> He referred to the fourteen months' peace of Amiens.



an advantage over our ships, that no man will ship tobacco, rice, or any other bulky articles in American bottoms.<sup>1</sup>

"The effect of the countervailing duties of England would be, that an American ship carrying tobacco to England would pay eighteen shillings sterling more on the hogshead than a British ship. The usual freight of a hogshead was thirty-five shillings. The difference, therefore, constituted more than half.

"Our situation was still worse in relation to France. Of the restrictive acts of that Government he could not give a precise idea; but he was enabled to state, from a conversation had with a gentleman from that country, high in office, that a duty of 10 livres upon every hundredweight of tobacco was laid on the latter, which was equivalent to 120 livres on a hogshead. He further understood that six per cent. differential was imposed upon all other articles. Peace being now restored, French vessels will enter our ports, and become the carriers to France of all our productions.

"How were these effects, so alarming to our trade, to be met? He replied that it was by taking off our discriminating duties, and by placing our merchants on equal terms with the merchants of other nations."

*Theoretical Advantages of Free Trade.* Nothing looks more feasible than "Free Trade," until you test it in practice. Could Mr. Smith have lived to witness our utter failure at sea under the system that he outlines so well in the following burst of oratory, his judgment would have been much better. We lost but little carriage in 1802-1803 from the causes cited. There were elements in our favor that he had not known, and dangers in a change of policy he had not foreseen.

"And, sir," said Mr. S., "have we not enterprise; have we not capital, to hold an honorable, a successful competition with the whole world? No man that knows the character of an American merchant will doubt his ability to sustain such a competition. The discriminating duties, once useful, have ceased to be so. Our shipping has increased, and we now want more to enter into the ports of other nations, than that other nations should enter into ours. *We are willing to free trade*

<sup>1</sup> He himself was a shipper of tobacco.

*from its trammels.* Let the trade be taken *by those* who can carry the *cheapest*. As a merchant, he was convinced that *we* could carry *cheaper* than any other nation. Our materials for shipbuilding were *at hand*; were *cheaper*, and we could navigate our ships with *fewer seamen* than any other nation.

"The crisis required that we should take efficient measures. . . . It was true that in two years the British Treaty would expire. But he understood that the British Ministry demurred to the construction which considered that part of the treaty under which countervailing duties were imposed as expiring at that time."<sup>1</sup>

*Free Trade distrusted.* Mr. Griswold declared himself not satisfied with the explanation above given:—

"It was certainly desirable to secure the carrying of our bulky articles in our own ships; and if the resolution would have this effect he should be decidedly for it. But he could not discern such to be the effect. With regard to England, it was true that tobacco was there charged with a heavy duty; but it was well known that England consumed but a small portion of what was sent there—the rest was exported, and a drawback of all duties allowed. As to the great mass of this article, therefore, it was not charged any more than it would have been charged, had it been directly exported to other countries.

"For his part, he firmly believed, that our carrying trade would be effectually injured by allowing a *free trade*, whereby English ships would enter our ports *upon the same terms with our own*. It was well known, that before the war, the tobacco imported into France had been farmed out by the Government, and that it had been a great source of revenue. He was persuaded that France would not permit that article to be *free*.

"From these and other considerations, Mr. G. was unprepared to decide upon a question of so much importance. He was not prepared to say what would be the effects of the *principle* offered to the House, particularly as the resolution does not say, in the event contemplated, who shall decide, whether the President or Congress."

<sup>1</sup> The commercial articles were to cease in twelve years, or in 1807.

"Mr. Giles, of Va., had at first thought the resolution a very plain one ; but he was almost induced to think differently of it, on finding gentlemen who were deeply interested in its effects holding contrary opinions. . . . He believed the countervailing duty laid by the British to be *unauthorized* by the Treaty. Taking our duties as the *basis*, they had countervailed them, and applying the countervailing standard to separate and distinct articles, they had imposed heavy duties upon them, below, however, the maximum ; giving up, as they said, a right, and granting what they called a *favor*. The result was the *preference* of British bottoms over American.

"Under the Treaty, Britain was authorized to lay countervailing duties, but we were prohibited from countervailing them. The only question then was whether we would patiently submit to the present inequality, whereby nearly the whole of our carrying trade might be destroyed, or take our chance in an *equal* competition." — (Equal in law, but *unequal in fact*, with England.)

The resolution went over to the next session.

In the President's message, 1802, we find particular reference to the British act, the pendency of which might have been the spring head of Mr. Smith's measure.

#### EXTRACTS FROM THE MESSAGE OF 1802.

"On the restoration of peace in Europe that portion of the general carrying trade which has fallen to our share during the war was abridged by the returning competition of the belligerent powers. This was to be expected, and was just. But, *in addition*, we find in some parts of Europe monopolizing discrimination, which, in the form of duties, tends effectually to prohibit the carrying thither *our own produce in our own vessels*. From existing amities and a spirit of justice, it is hoped that friendly discussion will produce a *fair and adequate* reciprocity. But should false calculations of interest defeat our hope, it rests with the Legislature to decide whether they will meet inequalities abroad with countervailing inequalities at home or provide for the evil in any other way.

"It is with satisfaction I lay before you an act of the British

Parliament, anticipating this subject so far as to authorize a mutual abolition of the duties and countervailing duties permitted under the treaty of 1794. It shows on their part a spirit of justice and friendly accommodation, which it is our duty and our interest to cultivate with all nations. *Whether this would produce a due equality in the navigation between the two countries is a subject for your consideration.*"

From these extracts we get several facts: First, that the Administration sympathized sincerely with the shipping interest and sought to have it protected. Second, that only a "fair and adequate" reciprocity — a condition in which "a due equality in the navigation" — *equal or equalized footing-in-fact* — should prevail, could for a moment be entertained. Third, that Jefferson doubted the merits of a policy *for us* of non-protection and abandonment of shipping to the fate of foreign competition. He knew very well that only freedom to perceive and to supply our wants in the line of *ship protection* could guarantee an American marine. That was our problem, and not the cheapening of freights, the giving away of our carrying trade, and the final loss of our commerce. After debate, as before it, Congress agreed with the Executive, and the British proposition was deferred. It was too clearly seen that acceptance meant the abandonment of the shipping interest, and the bidding of a cowardly good-by to American hope and assurance with respect, not only to navigation, but to commercial and financial independence.

*Proceedings on the Smith Resolution.* So much of the message as related to the British act was referred to the House Committee on Commerce and Manufactures, of which Mr. Smith was chairman. This Committee reported at length, January 10, 1803. When the resolution came up for discussion, delay was requested, as memorials against the proposed repeal were coming in. Mr. Jones, of Pa., submitted a resolution that the repeal does not extend to foreign ships or cargo from places where our vessels do not enjoy the same privileges. The Chamber of Commerce of New York, Philadelphia, Boston, and other ports were active in their opposition. In a month's time the Committee was discharged from further consideration of the subject.

As this effort of the distinguished statesman of Maryland to completely reverse our shipping policy was ably presented and argued in the report of the Committee, and circumstances seemed favorable for success, it will be interesting to review the situation, showing how firmly our navigation laws had been established in fourteen years to succeed in resisting a threatened overthrow.

*Report of Commerce and Manufactures' Committee on Discriminating Duties, January 10, 1803, sets forth:—*

“That a duty of *six cents* per ton is by law imposed on all American ships entering any of the ports of the United States from a foreign port, and on any ship or vessel *not* of the United States, *fifty cents* per ton; and that an additional duty of *ten per cent.* on the duties payable on goods, wares, or merchandise imported in American bottoms has *invariably* been imposed on such goods, wares, and merchandise when imported in *foreign* ships or vessels.

“That these discriminating duties have tended greatly to increase the navigation of the United States, have given to the shipowners *an advantage* over foreigners in the carriage to the United States of salt, wine, brandy, sugar, coffee, blankets, and other coarse woolens, coarse linens, hemp, earthenware, and other bulky articles, and have enabled them to be *almost exclusively* the carriers of *all the fine articles of importation* necessary to the consumption of the country. This policy, combined with the advantages resulting from the late war in Europe, had increased the American tonnage to an amount, it is believed, not inferior to that of any nation in Europe, except Great Britain.

“The effect of these discriminating duties did not escape the observation of those foreign nations with whom we have had the greatest commercial intercourse.

“By the fifteenth article of the treaty of ‘Amity, Commerce, and Navigation,’ dated London, November 19, 1794, the British Government has reserved the right of countervailing those discriminating duties; and the United States bound themselves *not to impose* any new or additional duty on the tonnage of British ships or vessels, or to *increase* the then sub-

sisting *difference* between the duties payable on the importation of any article in British or American ships.

"It is believed by your Committee that the Parliament of Great Britain, by a statute passed the 4th day of July, 1797 (in the exercise of that reserved right), have *exceeded the fair intent* and meaning of the treaty, and thereby have secured to the shipowners of that nation the *exclusive carriage* to Great Britain (in time of peace) of some of our most important objects of exportation.

"They have selected fish-oil and tobacco as objects on which the highest countervailing duties have been imposed. The duty on fish-oil being 36s. 3-12d. per ton or 252 gallons, and upon tobacco, 1s. 6d. per 100 lbs.

"In consequence of which a British ship, carrying 250 tons of oil, will pay £453 15s. less duty thereon than the same oil would pay if imported in an American ship, the whole freight would have been, prior to the late war, only £625, the net freight to an American ship would be only £171 5s.

"By the same operation a British ship, 250 tons, carrying 400 hogsheads of tobacco, of 1200 lbs. each, to Great Britain, would pay £360 less duty than would be payable on the same quantity in an American ship; the whole freight would only amount to £700, which would leave to the American a net freight of only £344 1s."

(In the same way, in regard to rice, and pot and pearl ashes, the advantage in sending by a British ship is proportional. On woods of all kinds, and on naval stores, the countervailing duties are severe.)

"The Parliament by a later statute — 7th May, 1802 — has imposed the following new and additional duties: — (omitted). The countervailing duty of *ten per cent.* being levied also on all those new duties (except that on tobacco) adds further to the injury already sustained, and secures to British ships the exclusive carriage of the following articles: indigo, iron, ginseng, beeswax, and cotton. . . .

"By the British statute of May last, a duty of *half per cent.* is imposed on all goods, wares, and merchandise (the growth or manufacture of Great Britain) on their *exportation* to any port

in Europe, or within the Straits of Gibraltar, and of *one per cent.* on similar goods, when exported to any place, not being in Europe, or within the Straits of Gibraltar, thus subjecting the United States to a duty on exports *double that* which is paid by the nations of Europe. This discrimination your Committee believe to be in *contradiction to the spirit* of the treaty existing between the United States and Great Britain.<sup>1</sup>

"By the statute of Great Britain, 4th July, 1797, a duty of tonnage was imposed on American ships entering her ports of 2s. per ton, which is admitted as a fair countervail of the discrimination of *forty-four cents* on their ships entering our ports. . . .

"France has also taken measures to meet the operations of our discriminating duties." (Details omitted.)

"Sweden and Denmark have laws imposing discriminating duties highly favorable to *their* carrying trade. Spain, also, by her navigation laws, gives important *advantages* to her own shipping over those of foreign nations trading to her ports. Holland, also, has her discriminating duties, which in their consequences are injurious to the commercial interest of the United States.

*Modes of obviating Disadvantages.* "Two modes have presented themselves to your Committee, to obviate the disadvantages resulting to the carrying trade of the United States from the countervailing and discriminating duties already recited. The one to increase our discriminating duties, so as to meet the injuries now experienced from the operations of those and the counteracting duties of other nations. The other to relinquish our discriminating duties (so far as they relate to goods, wares, and merchandise, the growth, produce, or manufacture of the nation to which the ship by whom the same are imported may belong) in favor of such foreign nation as will agree to abolish such of their discriminating and countervailing duties as are, in their operation, injurious to the interests of the United States.

"The first mode would, in its consequences, lead to a com-

<sup>1</sup> Yet the Committee proposed another treaty, subject, of course, to be alike disrespected.

mercial warfare between the United States and foreign nations. Admit, for instance, that the United States should increase her discriminating duties, will not foreign nations also increase theirs in every instance, and at every time the United States shall pursue their plan of increase? If so, your Committee are at a loss to perceive what benefit could arise to the interest of the United States from such a system.<sup>1</sup>

"The second mode appears to your Committee more consistent with the true interest, as well as with the peaceful disposition of the United States. They therefore submit the following resolution:—

*Resolution of the Committee.* "Resolved, that so much of the several acts imposing duties on the tonnage of ships and vessels, and on goods, wares, and merchandise imported into the United States, as imposes a discriminating duty of tonnage between foreign vessels and vessels of the United States, and between goods imported into the United States in foreign vessels and vessels of the United States, ought to be repealed; so far as the same respects the produce or manufactures of the nation to which such foreign ship or vessel may belong; such repeal to take effect in favor of any nation, whenever the President shall be satisfied that the discriminating and countervailing duties of such foreign nation, so far as they operate to the disadvantage of the United States, have been abolished."

*Important Modification.* The words in italics, in the resolution above, were inserted by the Committee, to limit its application. In fact, it excludes entirely the idea of the "cheapest" carriers doing the world's transportation, for its use is confined to the *direct* trade between any two nations. It would not apply to British vessels coming from any country but their own, with goods not produced in British dominions. It would strike at any nation undertaking to do the world's carrying. No such nation would agree to it, least of all Great Britain. But the principle of direct trade would have been a good one to enforce, whether foreign nations approved it or not.

January 24, 1803, Mr. Smith called for the order of the

<sup>1</sup> This appeal to the pocket, mean and spiritless, inclines one to "scorn the sordid world."



day — the Report on Discriminating Duties. “Mr. Eustes, of Mass., hoped the gentleman would suspend the call for it, at least this and the ensuing week. The commercial towns were now attending to the subject. It appeared to him highly important that the opinions of the merchants of the United States should be known. When known, the House would be enabled to act, if not with better understanding, at least with greater satisfaction. For himself, he was not only not prepared to vote, but even to give an opinion. He thought the opinions of the merchants, who from their great interest (many of them being shipowners) had probably formed the most correct views, ought to be known, before they formed theirs.”

“Mr. Smith said this was not a new subject. It had been proposed early in the last session. It had not been called up, because it had received an unexpected opposition. The mover had thought proper to postpone it, until gentlemen should have an opportunity of going home and consulting their constituents. Early in the session, the President had attracted the attention of the House to it in his message. The House referred the subject to a select Committee, who had reported. To that report two memorials had been opposed, which would have their due weight. In consequence of the proposition made last session, the British Parliament had passed an act whose operation would expire either on the 5th or 25th of March. If this subject were postponed until a member from Georgia had time to get information from his constituents, what time would remain to pass the measure, or if it passed, to get it to England in sufficient time? He had really hoped that gentlemen would at this late period have been prepared for the discussion.” . . .

Mr. Southard, of N. J., Mr. Mitchell, of N. Y., and Mr. Lowndes, of S. C., desired time, though the latter favored discussion but not decision.

“Mr. Bayard, of Del., differed from his friend from South Carolina. The resolutions urged by the gentleman from Massachusetts have great force. It was said, however, that we may now enter upon the discussion, and may hereafter receive light from the memorials that shall be presented, and derive then the same benefit from the information they may furnish as if they

were before us now. But we all know that, as soon as we engage in the discussion of any subject, we immediately form opinions respecting it; and we also know the pride of previous opinion, and the difficulty of retracing steps once taken. These were strong considerations. Our minds ought to be a *carte blanche* when we go into the discussion, and we ought to be possessed of every information before it is commenced.

"But it is said, the act of the British Parliament will expire on the 25th of March, at the furthest. If this were a fact, it was even now too late to enter on the discussion in order to meet the provisions of that act. But if the British Government were sincere, they will delegate a continuance of power. If this measure shall be agreed to here, it could not be carried into full effect without negotiation and some delay." . . . He was strongly in favor of postponement.

Mr. Jones, of Pa., desired delay. Mr. Smith wished to go into Committee, if it were only to receive an amendment (of Mr. Jones), which he thought would be salutary. "The memorials received," he said, "had assumed as a fact what was not correct, and argued from it as though it were correct. They had assumed it as a fact, that it was contemplated to give permission to foreign vessels to bring into the United States goods not of the growth or manufacture of their country free from any discriminating duty. Whereas the resolution proposed by the *Committee* was directly the reverse. For instance, a British ship will not be permitted to bring into the United States the wines or brandies of France without paying a discriminating duty." . . .

As first presented, Mr. Smith's resolution had the fault ascribed to it by the memorialists, and was devoid of the merit he claimed for it.

"Mr. Bacon, of Mass., thought the question of postponement lay in a narrow compass. The House had received a petition; and had sustained it by ordering it to be printed for the use of the members. Will they, then, anticipate the subject, and before they have derived that benefit which they have recognized from the publication of the memorial, prematurely enter on a discussion?" . . .

The question was taken and postponement carried "by a large majority."

*Mr. Jones's Amendment.* January 26, Mr. Jones submitted the following resolution : —

“ *Resolved*, that the repeal of the discriminating duties on foreign tonnage and merchandise imported in foreign vessels recommended by the Committee of Commerce and Manufactures, in their report on that subject made on the 10th instant, shall not extend to foreign ships or vessels or the articles imported therein from the colonies or dependencies of any nation, unless the ships and vessels of the United States shall enjoy the same privileges in the navigation and trade between the United States and such colonies or dependencies, as are and may be allowed to the ships and vessels of the nation to which such colonies or dependencies may belong.”

Referred to the Committee of the Whole.

February 12, “ Mr. Dana, of Conn., inquired of Mr. Smith whether it was intended to take up the report of the Committee on Commerce and Manufactures on the repeal of discriminating duties ?

“ Mr. Smith replied that he considered the subject of great importance, and had been extremely anxious to have it discussed and decided during the present session.” But for want of time, “ he was willing to discharge the Committee of the Whole from further consideration of it.”

*Unpopularity of the Repeal Proposed.* “ Mr. Mitchell, of N. Y., was considerably disappointed at hearing the motion to discharge the Committee. He had hoped the subject would have been discussed. Much benefit might be expected from a debate. Much light had been shed already. Great attention had been given to the subject by almost all classes of the people. Merchants and legislators had particularly studied its details, and he thought it was much better understood now by all parties than it was a year ago ; by discussion greater advances would still be made. But he was inclined to think that *public opinion was not yet ripe for an ultimate decision in favor of the repeal*. There was no probability of adopting it, even if it should be argued. The discussion would merely end in postponement, indefinitely, or to some future day. There being, then, no chance of carrying it into operation, and the House being much pressed

with more urgent business, that ought to be acted upon with all dispatch, he felt willing (as a member of the Committee) to let the subject drop in this way. However *speculative men might think* on the point, *the great body of practical men* bore strong testimony *against it*. He, therefore, on considering the circumstances, should favor the motion, though it met him unexpectedly, and vote for discharging the Committee of the Whole from all further consideration of the meditated repeal of the discriminating and countervailing duties."

This was carried without division, and thus was ended an abortive effort — *to serve British interest*. Discussion would have shown Mr. Smith's case as one of special pleading. Our merchants and their vessels having *control* of the *import* carrying, through the operation of the discriminating duty system, they could not be forced out of export carrying, though cargoes would have to be taken *at lower rates*, and so they were. To meet the new conditions, we built our vessels larger, improved their models, and gave the hulls such proportions that they could sail safely with less *ballast* than any others on the ocean.

*The Light Money Act, 1804.* At the next session Mr. Smith took a seat in the Senate, and Mr. Mitchell became chairman of the Committee of Commerce and Manufactures, in the House. January 3, 1804, he introduced a resolution for "Light Money" to be charged to foreign vessels, which was referred to his Committee, after the following remarks :—

"He observed, that there had been some conversation in the House during the last session concerning the sums of money paid by our merchants on foreign voyages. He wished to renew that subject, as well worthy of the attention of Government.

"Foreign nations levy money upon our vessels, which frequent their ports, for the purpose of supporting their light-houses. The sums paid in compliance with these exactions are very considerable. The contribution which strangers are thus obliged to make constitutes a fund, that goes a long way towards defraying the expense of those establishments, to the great relief of their own subjects.

*British Light-Money Charges.* "The average amount of light-money paid by every vessel that enters a British port is 4d.

the ton, *for every light* she may have passed inwards, or that she may be expected to pass. Calculating by this rule an American ship of 284 tons, entering the port of London, is charged with duties for the maintenance of the following lights, all along up the British Channel, to wit, Scilly, Longships, Lizard, Eddystone, Portland, Casquets, Needles, Owers, Dungenness, Foreland, Goodwin, and the Nore. They amount to £34, and the stamped paper for the receipt 4d. more. Besides this, the duties of the Trinity House, for such a ship, amount to £9 7s. 8d. In addition to which there is demanded and paid, by virtue of an Act of George III. for the maintenance and improvement of the harbor of Ramsgate £7 2s. So that the amount of these impositions for light-money and Ramsgate harbor money, on a ship under 300 tons, for a single voyage to London, amounts to £50 10s., which is equal to \$222, independent of her tonnage duties, those on merchandise, pilotage, and other expenses.

“An American vessel entering the harbor of Hull, the lights are charged *as before*, including Goodwin; and to these are added the lights on the East Coast of England, such as Sunk, Harwick, Gatt, Lowstoft, Harbro, Winterton, Oxford, Shawl, Dudgeon, Faulness, and the Spurn. The amount of these demands on an American ship of 245 tons is £37 6s. At Hull, the collector enforces payment of Ramsgate harbor duties to the amount of £6 2s. 6d. and of Dover harbor dues to the amount of £3 1s. 8d. The demand for supporting lights, few of which perhaps were seen on the passage, and for improving harbors which were not entered by the ship, amount to £46 9s. 9d. on a burden of less than 250 tons, or a demand exceeding \$204.

“An American ship goes to Liverpool, she is charged for the light up St. George’s Channel. A ship of 314 tons is made to pay for supporting the lights at Milford, that called the Smalls, and another known by the name of Skerries. These several demands, with the price of stamps, come to £15 14s. 2d. on a vessel of that burden for one voyage, or more than \$63 for light-money alone. For each of these three lighthouses the charge is exactly 4d. per ton.

*No Light Charges in the United States.* “Lighthouses have been established by the Government of the United States

on many parts of our extensive coast. Many parts of it admirably illuminated. And the whole expense of these valuable establishments is defrayed from the Treasury out of the ordinary income. Foreigners who visit our ports participate in the security and advantage of these guides to mariners, as fully as our own citizens; but they pay nothing for this privilege of directing themselves by our lights. Foreign nations have acknowledged the principle that duties ought to be collected from their commercial visitors, for supporting lighthouses, and they compel our merchants to pay them. It is a correct principle of distributive justice that we should cause our commercial visitors to pay something also for the establishment and improvement of our lighthouses. A duty of tonnage, for this express purpose could easily be laid and collected from *foreign vessels*, and would add materially to our means of keeping them in good repair and attendance. A sum, for example, of 6 or 7 cents per ton upon every foreign vessel for every lighthouse she shall have passed will make a valuable fund for the humane and excellent institution of lighthouses. I move the following resolution: —

“That the Committee of Commerce and Manufactures inquire into the expediency of laying and collecting a tonnage duty,” etc. This was agreed to, report to be by bill or otherwise. February 18, the Committee advised dues of 40 cents per ton. Referred to Ways and Means Committee, whose Chairman, Mr. John Randolph, of Va., brought in a bill which became section 6 of a Tariff Act, charging a duty of 50 cents per ton, “on all ships or vessels *not* of the United States” — vote, 65 to 41. (Mr. Smith, of Md., was on the Committee that dealt with this bill in the Senate, so was John Quincy Adams.)

Thus ended the effort to repeal ship protection by discriminating duties. Whereas our tonnage discrimination had been 44 cents, after June 30, 1804, it was 94 cents, against foreign vessels and in favor of our own. Self-interest is a bad mentor for a legislator. Mr. Smith would have sacrificed the advantages of having a marine for the Nation — to improve his own trade in tobacco.

## CHAPTER XI.

### REPETITION OF WARFARE ON AMERICAN SHIPPING.

*Provoking the War of 1812.* The peace of Amiens lasted but fourteen months; war conditions again put the British marine to a disadvantage, but the ministry took care that neutrality should not again assist American shipping. Great Britain charged up our light-money act to a failure in her diplomacy, since it could not be shown that this new tax was other than an offset to her own light and harbor tax, or in the least infringed the treaty of 1794. She speedily made up her mind to aggressive conduct, as a ready and effective means of handicapping our commercial rivalry. The search of our ships for seamen, that had previously been so damaging, was offensively renewed. She had already contracted liabilities for millions of money for spoliations of our commerce, but seemed anxious to run still further into our debt, could she but vitally impair our shipping power. But for our tariff and tonnage discriminations she would have succeeded. She declared a *paper* blockade against French ports. Napoleon responded with a similar decree. This was followed by an order in council leveled against neutrals, and Napoleon's counter decree, with the result that, by 1808, it was highly dangerous to attempt trading by vessel with either nation. The Messages of our Presidents contain authentic records of the way in which the war of 1812 was brought about.

#### FROM JEFFERSON'S MESSAGE OF DECEMBER 3, 1805.

"Since our last meeting the aspect of our foreign relations has considerably changed. Our coasts have been infested and our harbors watched by *private armed vessels*, some of them without commissions, some with illegal commissions, others with those of legal form, but committing piratical acts beyond the

authority of their commissions. They have captured in the very entrance of our harbors, as well as on the high seas, not only the vessels of our friends coming to trade with us, but our own also. They have carried them off under pretense of legal adjudication, but not daring to approach a court of justice, they have plundered and sunk them by the way or in obscure places where no evidence could arise against them, maltreated the crews and abandoned them in boats in the open sea or on desert shores without food or covering. I found it necessary to equip a force to cruise within our own seas, to arrest all vessels of these descriptions found hovering on our coasts within the limits of the Gulf Stream and to bring the offenders in for trial as pirates.

“The same system of hovering on our coasts and harbors under color of seeking enemies has been also carried on by *public armed ships* to the great annoyance and oppression of our commerce. New principles, too, have been interpolated into the law of nations, founded neither in justice nor the usage or acknowledgment of nations. According to these a belligerent takes to itself a commerce with its own enemy, which it denies to a neutral on the ground of its aiding that enemy in the war; but reason revolts at such an inconsistency.” . . .

When herself at war, England wants no *neutrals* on the ocean; her marine is large enough to do all the carrying that she cares to have done, then. To save their shipping, neutrals must play the rôle of *allies* to her. This is what it means to let a single nation engross the ocean carrying trade. The following extracts are from a special communication of January 17, 1806:—

“In my message to both Houses of Congress at the opening of their present session I submitted to their attention, among other subjects, the oppression of our commerce and navigation by the irregular practices of armed vessels, public and private, and by the introduction of new principles derogatory of the rights of neutrals and unacknowledged by the usage of nations. The memorials of several bodies of merchants of the United States are now communicated, and will develop these principles and practices which are producing the most ruinous effects on our



lawful commerce and navigation. . . . On the impressment of our seamen our remonstrances have never been intermitted. A hope existed at one time, but it soon passed away." . . .

*A Perfidious Violation of our Nautical Rights.* The following extract is from the Proclamation of President Jefferson, July 2, 1807, ordering British armed vessels to depart the harbors and waters of the United States: —

"In truth these abuses of the laws of hospitality have, with few exceptions, become habitual to the commanders of the British armed vessels hovering on our coasts and frequenting our harbors. They have been the subject of repeated representations to their Government. Assurances have been given that proper orders should restrain them within the limits of the rights and of the respect due to a friendly nation; but those orders and assurances have been without effect — no instance of punishment for past wrongs has taken place. At length a deed transcending all we have hitherto seen or suffered brings the public sensibility to a serious crisis, and our forbearance to a necessary pause. A frigate of the United States, trusting to a state of peace, and leaving her harbor on a distant service, has been surprised and attacked by a British vessel of superior force<sup>1</sup> — one of a squadron then lying in our waters and covering the transaction — and has been disabled from service, with a loss of a number of men killed and wounded. This enormity was not only without provocation or justifiable cause, but was committed with the avowed purpose of taking by force from a ship of war of the United States a part of her crew; and that no circumstance might be wanting to mark its character, it had been previously ascertained that the seamen demanded were native citizens of the United States. Having effected her purpose, she returned to anchor with her squadron within our jurisdiction. Hospitality under such circumstances ceases to be a duty." . . .

If this squadron did not depart, no one was to have intercourse with it, or supply any necessary. In his seventh annual Message, Oct. 27, 1807, the President refers to "the many injuries and depredations committed on our commerce and navigation upon

<sup>1</sup> This was the affair of the *Chesapeake*, 36, and the *Leopard*, 50 guns.

the high seas *for years past*, the successive innovations on those principles of public law which have been established by the reason and usage of nations as the rule of their intercourse and the umpire and security of their rights and peace and all the circumstances which induced the extraordinary mission to London are already known to you — long and fruitless endeavors to arrange for a fair intercourse," etc.

In the Eighth Annual Message, of November 8, 1808, we find the following reiteration of our continuous wrongs : —

" It would have been a source, fellow-citizens, of much gratification if our last communications from Europe had enabled me to inform you that the belligerent nations, whose disregard of *neutral rights* has been so destructive to our commerce had become awakened to the duty and true policy of revoking their *unrighteous edicts*. That no means might be omitted to produce this salutary effect, I lost no time in availing myself of the act authorizing a suspension, in whole or in part, of the several embargo laws. Our Ministers, at London and Paris, were instructed to explain to the respective Governments there our disposition to exercise the authority in such manner as would withdraw the pretext on which the aggressions were originally founded and open the way for a renewal of that commercial intercourse which it was alleged on all sides had been reluctantly obstructed. . . . This candid and liberal experiment failed."

*Inaugural of James Madison.* This faithful friend of shipping in the House of Representatives, who had been eight years Secretary of State, became the President March 4, 1809. His Inaugural thus discusses the great question before the country :

" Indulging no passions which trespass on the rights or the repose of other nations, it has been the true glory of the United States to cultivate peace by observing justice, and to entitle themselves to the respect of the nations at war by fulfilling their neutral obligations with the most scrupulous impartiality. If there be candor in the world, the truth of these assertions will not be questioned ; posterity at least will do justice to them.

" This unexceptionable course could not avail against the injustice and violence of the belligerent powers. In their rage against each other, or impelled by *more direct motives*, principles

of retaliation have been introduced equally contrary to universal reason and acknowledged law. How long their arbitrary edicts will be continued in spite of the demonstrations that not even a pretext for them has been given by the United States, and of the fair and liberal attempt to induce a revocation of them, cannot be anticipated." . . .

*A Bright Spot in the Sky.* From the Special Session Message of May 23, 1809, the country began to hope the obstructions to our traffic by sea would soon be cleared away : —

"On this first occasion of meeting you it affords me much satisfaction to be able to communicate the commencement of a favorable change in our foreign relations, the critical state of which induced a session of Congress at this early period.

"In consequence of the provisions of the act interdicting commercial intercourse with Great Britain and France, our Ministers at London and Paris were without delay instructed to let it be understood by the French and British Governments that the authority vested in the Executive to renew commercial intercourse with their respective nations would be exercised in the case specified by that act.

"Soon after these instructions were dispatched it was found that the British Government anticipating from early proceedings of Congress at their last session the state of our laws which has had the effect of placing the two belligerent Powers on a footing of equal restrictions, and relying on the conciliatory disposition of the United States, had transmitted to their legation here provisional instructions not only to offer satisfaction for the attack on the frigate *Chesapeake*, and to make known the determination of his Britannic Majesty to send an Envoy extraordinary with powers to conclude a treaty on all the points between the two countries, to signify his willingness in the mean time to withdraw his orders in council, in the persuasion that the intercourse with Great Britain would be renewed on the part of the United States. These steps of the British Government led to the correspondence and the Proclamation now laid before you, by virtue of which the commerce between the two countries will be renewable after the tenth day of June next."

*A Bold Diplomatic Trick.* Passing for a moment from the

misdoings of sinful *subjects*, we may spend a few minutes pondering the path of royalty itself. In the First Annual Message of Mr. Madison, Nov. 29, 1809, he said: —

“ At the period of our last meeting I had the satisfaction of communicating an adjustment with one of the principal belligerent nations, highly important in itself, and still more so as presaging a more extended accommodation. It is with deep concern I am now to inform you that the favorable prospect has been overclouded by a refusal of the British Government to abide by the act of its Minister plenipotentiary, and by its ensuing policy toward the United States as seen through the communications of the Minister sent to replace him. Whatever pleas may be urged for a disavowal of engagements formed by diplomatic functionaries in cases where by the terms of the engagement a mutual ratification is *reserved*, or where notice at the time may have been given of a *departure* from instructions, or in extraordinary cases essentially violating the *principles of equity*; a disavowal could not have been apprehended in a case where *no such notice or violation existed, where no such ratification was reserved*, and more especially *where, as is now in proof*, an engagement to be executed *without any such ratification* was contemplated by the instructions given, and *where it had with good faith been carried into immediate execution* on the part of the United States.<sup>1</sup>

“ These considerations not having restrained the British Government from disavowing the arrangement by virtue of which *its orders in council were to be revoked*, and the event authorizing the renewal of commercial intercourse having thus *not taken place*, it necessarily became a question of equal urgency and importance whether the act prohibiting that intercourse was not to be considered in legal force. This question being, after due deliberation, determined in the affirmative, a proclamation to that effect was issued. . . .

“ The recall of the disavowed Minister having been followed by the appointment of a successor, hopes were indulged that the new mission would contribute to alleviate the disappointment which had been produced, and to remove the causes which had

<sup>1</sup> He refers to the repeal of the non-intercourse act.

so long embarrassed the good understanding of the two nations, . . . but he had 'no authority to enter into any explanations' whatever — 'that his proposals with reference to the *Chesapeake* were founded on a presumption repeatedly declared to be *inadmissible* by the United States, that the first step toward adjustment was due from them,' the proposals at the same time omitting even a reference to the officer answerable for the murderous aggression, and asserting a claim not less contrary to the British laws and British practice than to the principles and obligations of the United States."

The British wanted intercourse reëstablished by any means. They thought to get important supplies before Congress could meet and reë enact the non-intercourse law. To evade this, the Sovereign resorted to *stratagem*. But the gains were scanty. Congress, in modified form, renewed the act.

*Persistence in the Wrong.* The Second Annual Message, December 5, 1810, contained these remarks: —

"The act of the last session of Congress concerning the commercial intercourse between the United States and Great Britain and France and their dependencies having invited in a new form a termination of their edicts against our neutral commerce, copies of the act were immediately forwarded to our Ministers at London and Paris, with a view that its object might be within the early attention of the French and British Governments.

"By the communication received through our Minister at Paris it appeared that a knowledge of the act by the French Government was followed by a declaration that the Berlin and Milan decrees were revoked, and would cease to have effect on the first day of November ensuing. These being the only known edicts of France within the description of the act, and the revocation of them being such that they ceased at that date to violate neutral commerce, the fact, as prescribed by law, was announced by a proclamation bearing date November 2, 1810. . . .

"From the British Government no communication on the subject of the act has been received. To a communication from our Minister at London of a revocation by the French Government it was answered that the British system would be relinquished as soon as the repeal of the French decrees should have

actually taken effect and the commerce of neutral nations have been restored to the condition in which it stood previously to the promulgation of those decrees. This pledge, although it does not necessarily import, does not include, the intention of relinquishing, along with the orders in council, the practice of those novel blockades which have a like effect of interrupting our neutral commerce, and this further justice to the United States is the rather to be looked for, inasmuch as the blockades in question, being not more contrary to the established law of nations than inconsistent with the rules of blockade formerly recognized by Great Britain herself, could have no alleged basis other than the plea of retaliation alleged as the basis of the orders in council. Under the modification of the original orders of November, 1807, into the orders of April, 1809, there is, indeed, scarcely a nominal distinction between the orders and the blockades. One of those illegitimate blockades, bearing date in May, 1806, having been expressly avowed to be still unrescinded, and to be in effect comprehended in the orders in council, was too distinctly brought within the purview of the act of Congress not to be comprehended in the explanation of the requisites to a compliance with it. The British Government was accordingly apprised by our Minister near it that such was the light in which the subject was to be regarded. . . . On the other important subjects depending between the United States and that Government no progress has been made from which an early and satisfactory result can be relied on." . . .

*Depredations of British Allies.* "The commerce of the United States with the North of Europe, heretofore much vexed by licentious cruisers, particularly under the Danish flag, has latterly been visited with fresh and extensive depredations. The measures pursued in behalf of our injured citizens not having obtained justice for them, a further and more formal interposition with the Danish Government is contemplated."

Special Message, December 12, 1810 — "I lay before Congress and recommend to their early attention, a report of the Secretary of State, from which it will be seen that a very considerable demand beyond the legal appropriations has been incurred for the support of seamen distressed by seizures, in

different parts of Europe, of the vessels to which they belonged."

And yet we will be told that our *neutrality*, not our ship protection, was the source of fortune, and the nursery of our early marine. Without an ample navy, neutrality was a nuisance to shipowners, a pitfall to merchants, and a snare to seamen.

*Deception and Circumvention Exposed.* From the Third Annual Message, November 5, 1811 : —

"In calling you together sooner than a separation from your homes would otherwise have been required, I yielded to considerations drawn from the posture of our foreign affairs, and in fixing the present for the time of your meeting regard was had to the probability of further developments in the policy of the belligerent powers towards this country which might the more unite the national councils in the measures to be pursued.

"At the close of the last session of Congress it was hoped that the successive confirmations of the extinction of the French decrees, so far as they violated our neutral commerce, would have induced the Government of Great Britain to repeal its orders in council, and thereby authorize a removal of the existing obstructions to her commerce with the United States.

"Instead of this reasonable step toward satisfaction and friendship between the two nations, the orders were, at a moment *when least to have been expected*, put into *more vigorous execution*; and it was communicated through the British Envoy just arrived that whilst the revocation of the edicts of France, as officially made known to the British Government, *was denied to have taken place*, it was an indispensable *condition* of the repeal of the British orders that commerce should be restored to a footing that would admit the productions and manufactures of Great Britain, *when owned by neutrals*, into markets shut against them by her enemy, the United States being given to understand that, in the mean time, *a continuance of their non-importation act* would lead to measures of *retaliation*.

*Artful Dealing and Naval Aggression.* "At a later date it has indeed appeared that a communication to the British Gov-

ernment of fresh evidence of the repeal of the French decrees against our neutral trade was followed by an intimation that it had been transmitted to the British Plenipotentiary here in order that it might receive full consideration in the depending discussions. This communication appears *not to have been received*; but the transmission of it hither, *instead of founding on it an actual repeal* of the orders, or assurances that the repeal would ensue, will not permit us *to rely on any effective change in the British cabinet*. . . .

“ In the unfriendly spirit of those disclosures indemnity and redress for other wrongs have continued to be withheld, and our coasts and the mouths of our harbors have again witnessed scenes not less derogatory to the dearest of our national rights than vexations to the regular course of our trade.

“ Among the occurrences produced by the conduct of British ships of war hovering on our coasts was an encounter between one of them and the American frigate commanded by Captain Rodgers, rendered unavoidable on the part of the latter by a fire commenced without cause by the former, whose commander is therefore alone chargeable with the blood unfortunately shed in maintaining the honor of the American flag.<sup>1</sup> . . .

“ Notwithstanding the scrupulous justice, the protracted moderation, and the multiplied efforts on the part of the United States to substitute for the accumulating dangers to the peace of the two countries all the mutual advantages of re-established friendship and confidence, we have seen that the British cabinet *perseveres* not only in withholding a remedy for other wrongs, so long and so loudly calling for it, but *in the execution* brought home to the threshold of our territory, *of measures which* under existing circumstances *have the character* as well as *the effect of war on our lawful commerce*. . . .

“ Besides the reasonableness of saving our manufactures from sacrifices which a change of circumstances might bring on them, *the national interest requires* that, with respect to such articles at least as belong *to our defense* and our primary wants, we should not be left in unnecessary *dependence* on external supplies. And whilst foreign Governments adhere to

<sup>1</sup> This was the affair of the *President*, 44 guns, and *Little Belt*, 22 guns.



the existing discriminations in their ports against our navigation, and *an equality or lesser discrimination* is enjoyed by their navigation in our ports, the effect cannot be *mistaken*, because it has been seriously felt by our shipping interests; and in proportion as this takes place the advantage of *an independent conveyance* of our products to foreign markets and of a *growing body of mariners* trained by their occupations for the service of their country in times of danger must be *diminished*." . . .

In a Special Message, November 13, 1811, the President tells Congress that the affair of the *Chesapeake* has been terminated — "by an offer of reparation, which has been acceded to."

In another Message, January 16, 1812, Congress is warned that "the *continued evidence* afforded in this correspondence" — Envoy of Great Britain to Secretary of State — "of the *hostile policy* of the British Government against our national rights strengthens the considerations recommending and urging the *preparation* of adequate means for *maintaining them*."

*Fruitless Machinations.* If the reader wondered at the statement above relating to the affair of the *Chesapeake*, he will be surprised at the following from the Special Message of March 9, 1812:—

"I lay before Congress copies of certain documents which remain in the Department of State. They *prove* that at a *recent period*, whilst the United States, notwithstanding the wrongs sustained by them, ceased not to observe the laws of peace and neutrality toward Great Britain, and in the midst of amicable professions and negotiations on the part of the British Government through its public Minister here, a *secret agent* of that Government was employed in certain States, more especially at the seat of Government in Massachusetts, in *fomenting disaffection* to the constituted authorities of the nation, and in *intrigues* with the disaffected, for the purpose of bringing about *resistance to the laws*, and eventually, in concert with a British force, of destroying the Union and forming the eastern part thereof into a political connection with Great Britain.

"In addition to the effect which the discovery of such a pro-

cedure ought to have on the public councils, it will not fail to render more dear to the hearts of all good citizens that happy union of these States which, under Divine Providence, is the the guaranty of their liberties, their safety, their tranquillity and their prosperity."

*Preparations for War.* If "coming events cast their shadows before," it must have been plainly seen that open warfare was near at hand. On April 1 a special message, short and direct, contained the following advice:—

"Considering it as expedient, under existing circumstances and prospects, that a general *embargo* be laid on all vessels now in port, or hereafter arriving, for the period of sixty days, I recommend the immediate passage of a law to that effect."

Time brought no remedy for the evils which the Government of Great Britain chose to inflict upon the United States. War had to come, and this being the case, it should have been declared by Congress several years before, and probably would have been, but for the vain hope that one British Administration would be just.

## CHAPTER XII.

### BRITISH AGGRESSIONS RESENTED — WAR OF 1812.

*Madison's Review of British Wrongs.* With a patience unexampled in history, our government had borne with the aggressions of the British government until forbearance had long been without excuse. War alone could bring relief, yet nothing is more uncertain than an issue of war. Many a just cause has thus been lost. In his special message of June 1, 1812, President Madison reviews the situation and lays before Congress the fact that the end of diplomatic resistance had come. Few state papers ever had more of interest for the consideration of the country.

*The War Message.* "I communicate to Congress certain documents, being a continuation of those heretofore laid before them on the subject of our affairs with Great Britain.

"Without going back beyond the renewal in 1803 of the war in which Great Britain is engaged, and omitting unrepaid wrongs of inferior magnitude, the conduct of her government presents a series of acts *hostile* to the United States as an independent and neutral nation.

*Impressment of our Seamen.* "British cruisers have been in the continued practice of violating the American flag on the great highway of nations, and of seizing and carrying off persons sailing under it, not in the exercise of a belligerent right founded on the law of nations against an enemy, but of a municipal prerogative over *British subjects*. British jurisdiction is thus extended to *neutral* vessels in a situation where no laws can operate but the law of nations and the laws of the country to which the vessels belong; and a self-redress is assumed which, if British subjects were wrongfully detained and alone concerned, is that substitution *of force* for a resort to the re-

sponsible sovereign which falls within the definition of *war*. Could the seizure of British subjects in such cases be regarded as within the exercise of a belligerent right, the acknowledged laws of war, which forbid an article of captured *property* to be adjudged without a regular investigation before a competent tribunal, would imperatively demand the fairest trial where the sacred rights of persons were at issue. In place of such a trial these rights are subjected to the will of every petty commander.

“The practice, hence, is so far from affecting British subjects alone that, under the *pretext of searching* for these, *thousands* of American citizens, under the safeguard of public law and of their national *flag*, have been torn from their country and from everything dear to them, have been dragged on board ships of war of a foreign nation, and exposed under the severities of their discipline, to be exiled to the most distant and *deadly climes*, to risk their lives in the battles of their *oppressors*, and to be the melancholy instruments of taking away those of their own brethren.

“Against this crying *enormity*, which Great Britain would be so prompt to revenge if committed against herself, the United States have in vain exhausted remonstrances and expostulations, and that no proof might be wanting of their conciliatory dispositions, and *no pretext left* for a continuance of the practice, the British government was formally assured of the readiness of the United States to enter into arrangements such as could not be rejected if the recovery of British subjects were the real and the sole object. The communication passed *without effect*.”

*The Violation of our Coasts.* “British cruisers have been in the practice of violating *the rights and the peace of our coasts*. They hover over and harass our entering and departing commerce. To the most insulting pretensions they have added the most lawless proceedings in our very harbors, and have wantonly spilt American blood within the sanctuary of our territorial jurisdiction. The principles and rules enforced by that nation, when a neutral nation, against armed vessels of belligerents hovering over her coasts and disturbing her commerce, are well known. When called on, nevertheless, by the United States to punish the greater offenses committed by her

own vessels, her government *has bestowed on their commanders additional marks of honor and confidence.*"

*Outrages from Paper Blockades.* "Under pretended blockades, without the presence of an adequate force and sometimes without the practicability of supplying one, our commerce has been *plundered in every sea*, the great staples of our country have been cut off from their legitimate markets, and a destructive blow aimed at our agricultural and maritime interests. In *aggravation of these predatory measures*, they have been considered as in force from the dates of their notification, a retrospective effect being thus added, as has been done in other important cases, to the unlawfulness of the course pursued. And to render the outrage the more signal, these mock blockades have been reiterated and enforced in the face of official communications from the British government declaring as the true definition of a legal blockade, 'That particular ports must be actually invested and previous warning given to vessels bound to them not to enter.'

"Not content with these occasional expedients for laying waste our neutral trade, the cabinet of Britain resorted at length to the sweeping system of blockades, under the name of *orders in council*, which has been moulded and managed as might best suit its political views, its commercial jealousies, or the avidity of British cruisers.

"To our remonstrances against the complicated and transcendent injustice of this innovation, the first reply was that the orders were *reluctantly* adopted by Great Britain as a necessary retaliation on decrees of her enemy proclaiming a general blockade of the British Isles at a time when the naval forces of that enemy dared not issue from his own ports. She was reminded without effect that her *own prior blockades*, unsupported by an adequate naval force actually applied and continued, *were a bar to this plea*; that executed edicts against millions of our property could not be retaliation on edicts confessedly impossible to be executed, that retaliation, *to be just*, should fall *on the party* setting the guilty example, not an *innocent party* which was not even chargeable with an acquiescence in it.

"When deprived of this flimsy veil for a prohibition of our

trade with her enemy by the repeal of his prohibition of our trade with Great Britain, her cabinet, instead of a corresponding repeal or a practical discontinuance of its orders, formally avowed a determination to *persist* in them against the United States until the markets of her enemy should be laid open to British products, thus asserting an obligation on a neutral power to require one belligerent to encourage by its internal regulations the trade of another belligerent, contradicting her own practice towards all nations, in peace as well as in war, and betraying the insincerity of those professions which inculcated a belief that, having resorted to her orders with regret, she was anxious to find an occasion for putting an end to them.

“Abandoning still more all respect for the neutral rights of the United States and for its own consistency, the British government now demands as prerequisites to a repeal of its orders as they relate to the United States, that a formality should be observed in the repeal of the French decrees nowise necessary to their termination nor exemplified by *British usage*, and that the French repeal, besides including that portion of the decrees which operate within a territorial jurisdiction as well as that which operates on the high seas, against the commerce of the United States, should not be a single and special repeal in relation to the United States, but should be extended to whatever other neutral nations unconnected with them may be affected by those decrees. And as an additional insult *they* are called on for a formal disavowal of conditions and pretensions advanced by the French government for which the United States are so far from having made themselves responsible that, in official explanations which have been published to the world, and in a correspondence of the American minister at London with the British Minister for foreign affairs such a responsibility was explicitly and emphatically disclaimed.

*Our Commerce to be Sacrificed.* “It has become sufficiently certain that the commerce of the United States *is to be sacrificed*, not as interfering with the belligerent rights of Great Britain, not as supplying the wants of her enemies, which she herself supplies, but as interfering with the *monopoly* which she covets for her own commerce and navigation. She carries on a

war against the lawful commerce of a friend that she may the better carry on a commerce with an enemy — a commerce polluted by the forgeries and perjuries which are for the most part, the only passports by which it can succeed.

“Anxious to make every experiment short of the last resort of injured nations, the United States have withheld from Great Britain, under successive modifications, the benefit of a free intercourse with their market, the loss of which could not but outweigh the profits accruing from her restrictions of our commerce with other nations. And to entitle these experiments to the more favorable consideration they were so framed as to enable her to place her adversary under the exclusive operation of them. To these appeals her government has been equally inflexible, as if willing to make sacrifices of every sort rather than yield to the claims of justice or renounce the errors of a false pride. Nay, so far were the attempts carried to overcome the attachment of the British cabinet to its unjust edicts that it received every encouragement within the competency of the executive branch of our government to expect that a repeal of them would be followed by a war between the United States and France, unless the French edicts should also be repealed. Even this communication, although silencing forever the plea of a disposition in the United States to acquiesce in those edicts, originally the sole plea for them, *received no attention*. If no other proof existed of a pre-determination of the British government against a repeal of its orders, it might be found in the correspondence of the minister plenipotentiary of the United States at London and the British secretary for foreign affairs in 1810, on the question whether the blockade of May, 1806 was considered as in force or as not in force. . . . The British would, however, neither rescind the blockade nor declare its non-existence nor permit its non-existence to be inferred and affirmed by the American plenipotentiary. On the contrary, by representing the blockade to be comprehended in the orders in council, the United States were compelled so to regard it in their subsequent proceedings.”

*Trickery of the Hostile Government.* “There was a period when a favorable change in the policy of the British cabinet was justly considered as established. The minister plenipotentiary

of His Britannic Majesty here proposed an adjustment of the differences more immediately endangering the harmony of the two countries. The proposition was accepted with the promptitude and cordiality corresponding with the invariable professions of this government. A foundation appeared to be laid for a sincere and lasting reconciliation. The prospect, however, quickly vanished. *The whole proceeding was disavowed* by the British government without any explanations which could at that time repress the belief that the disavowal proceeded from a spirit of *hostility* to the commercial rights and prosperity of the United States, and it has since come into proof that at the very moment when the public minister was holding the language of friendship and inspiring confidence in the sincerity of the negotiation with which he was charged, *a secret agent* of his government was employed in intrigues having for their object a subversion of our government and a dismemberment of our happy union. . . .

“In reviewing the conduct of Great Britain towards the United States, our attention is necessarily drawn to the warfare just renewed by the savages on one of our extensive frontiers — a warfare which is known to spare neither age nor sex and to be distinguished by features peculiarly shocking to humanity. It is difficult to account for the activity and combinations which have for some time been developing themselves among tribes in constant intercourse with British traders and garrisons without connecting their hostility with that influence, and without recollecting the authenticated examples of such interpositions heretofore furnished by the officers and agents of that government.

“Such is the spectacle of injuries and indignities which have been heaped on our country, and such the crisis which its unexampled forbearance and conciliatory efforts have not been able to avert. . . . *Our moderation and conciliation have had no other effect than to encourage perseverance and to enlarge pretensions.* We behold our seafaring citizens still the daily victims of lawless violence, committed on the great common highway of nations, even within sight of the country which owes them protection. We behold our vessels freighted with the produce of our soil and industry, or returning with the honest proceeds



of them, wrested from their lawful destinations, confiscated by foreign courts, no longer the organs of public law, but the instruments of *arbitrary edicts*, and their unfortunate crews dispersed and lost or forced or inveigled in British ports into British fleets, whilst arguments are employed in support of these aggressions which have no foundation but in a principle equally supporting a claim *to regulate our external commerce in all cases whatever*.

"We behold, in fine, on the side of Great Britain a *state of war against the United States*, and on the side of the United States a *state of peace* towards Great Britain.

"Whether the United States shall continue *passive* under these progressive usurpations and these accumulating wrongs, or, opposing force to force in defense of their national rights, shall commit a just cause into the hands of the Almighty Disposer of Events, avoiding all connections which might entangle it in the contest or views of other powers, and preserving a constant readiness to concur in an honorable reëstablishment of peace and friendship, is a solemn question which the Constitution wisely confides to the legislative department of the government. In recommending it to their deliberations I am happy in the assurance that the decision will be worthy the enlightened and patriotic councils of a virtuous, a free, and a powerful nation." . . .

*The Declaration of War.* The foregoing message did not surprise Congress. In the House, the leaders, particularly from the South, took the subject up with alacrity. Henry Clay was speaker, John C. Calhoun headed the committee that reported the bill favoring a declaration of war. The debate was not protracted. Some favored a continuance of embargo and non-importation measures, but the patience of Congress being exhausted, a large majority approved the position of the President, supported Calhoun's report which sustained it in every particular, and agreed with the views of Speaker Clay, "that the real cause of British aggression was not to distress an enemy, but *to destroy a rival*." Felix Grundy, of Tennessee, well expressed the prevailing sentiment. Said he, "It is not the carrying trade about which this nation and Great Britain are now contending. The true question is *the right of exporting* the products of our own

soil and industry to foreign markets. Our vessels are captured when destined to ports of France. . . . These depredations on our lawful commerce are not to be traced to any rules or maxims of public law, but to the maritime supremacy and pride of the British nation. . . . What, Mr. Speaker, are we called on to decide? It is, whether we will resist by force the attempt made by that government to subject our *maritime rights* to the *arbitrary and capricious rule of her will*; for my part, I am not prepared to say that this country shall submit to have her commerce *interdicted or regulated by any foreign nation*. Sir, I prefer *war to submission*."

Strange to say, the agricultural, rather than the commercial states, assumed the responsibility of national defense. One might have thought the shipping interest, which had had nearly a thousand vessels seized and destroyed, would be first to pronounce for *war*, but the vote in the House, in the affirmative, came from the South in the ratio of 47 to 32, and in the negative stood 37 to 12. Connecticut and Rhode Island voted solidly against the declaration, while South Carolina, Georgia, Kentucky, and Tennessee went solidly for it. Massachusetts, New York, and New Jersey gave large majorities against defending our maritime rights. In the Senate, both senators from Pennsylvania, Virginia, North Carolina, South Carolina, Georgia, and Tennessee voted yea, while for Connecticut, Rhode Island and Delaware both senators voted nay. New Hampshire, Massachusetts, New York, New Jersey and Maryland cast divided votes. The Northern states divided, 7 for, and 8 against, the war, the Southern states stood 12 for, and 4 against it.

*Unpatriotic Conduct.* Unfortunately party feeling and local interest influenced certain State councils which should have been the very last to think of cross-purposes with the national authorities on a question of defense. The President, in his Fourth Annual Message, Nov. 4, 1812, thus treats of this matter:—

"Among the incidents to the measures of the war I am constrained to advert to the refusal of the Governors of Massachusetts and Connecticut to furnish the required detachments of militia toward *the defense of the maritime frontier*. The refusal was founded on a novel and unfortunate exposition of the provi-

sions of the Constitution relating to the militia. . . . It is obvious that if the authority of the United States to call into service and command the militia for the public defense can be thus frustrated, even in a state of declared war and of course under apprehensions of invasion preceding war, they are *not one nation* for the purpose most of all requiring it, and that the public safety may have no other resource than in those large and permanent military establishments which are forbidden by the principles of our free government and against the necessity of which the militia were meant to be a constitutional bulwark." . . .

*The Purposes of the War.* As our government was the first to declare the war, the President thought it proper to announce its objects. Thus he stated these in his fourth message : —

"Anxious to abridge the evils from which a state of war cannot be exempt, I lost no time after it was declared in conveying to the British government the terms on which its progress might be arrested, without awaiting the delays of a formal and final pacification and our chargé d'affaires at London was at the same time authorized to agree to an armistice founded upon them. The terms required that the orders in council should be *repealed* as they affected the United States, without a revival of *blockades* violating acknowledged rules, and that there should be an immediate *discharge* of American seamen from British ships, and a stop to impressment from American ships, with an understanding that an exclusion of the seamen of each nation from the ships of the other should be stipulated, and that the armistice should be improved into a definite and comprehensive adjustment of depending controversies."

To the refined mind of Madison, "war was hell," but the ministry of England cared nothing for the crimes of war, of devastation, and conquest. Our declaration of war gave little offense. The British wanted the fighting, but more before it began than afterwards. Warfare ceased only because Napoleon was beaten at Waterloo, and peace in Europe followed. On their part, the British purposely provoked the war. They imagined it was a step towards breaking down our foreign carrying trade and capturing it, together with the commerce it was built upon. After the war was over, it was sought to bring this about

by diplomatic boldness and skill. Their pacification was as deadly as their warfare. We fought in resistance to their pretended "right of search" of our ships for British seamen, but the treaty of Ghent contained no mention of it. We had insisted upon *lawful trade* with either rivals or enemies of England, but, intending that wars shall not build up "neutrals," to be strenuous rivals to her, she gave no recognition to the justice of our contention. We had for years demanded that *impressment* of American seamen on board of British ships should cease, but England declared this immunity "inadmissible." On the other hand, she had long wanted and vainly sought *non-protection* of the carrying trade between her European ports and our own, with exclusion of our vessels from all colonial ports, which arrangement we had refused as *unequal* and *unfair*, but, nevertheless, we made the treaty of peace with an understanding that the will of England in the matter should prevail. Thus, our firm antagonist gained his point.

*The Treaty of Peace.* This was received by the President from the commissioners, John Quincy Adams, Jas. A. Bayard. Henry Clay, Jonathan Russell, and Albert Gallatin, February 15, 1815, promptly ratified and laid before Congress on the 18th by special message, which recommended as follows : —

"The reviving interests of commerce will claim the legislative attention at the earliest opportunity, and such regulations will, I trust, be seasonably devised as shall secure to the United States their just proportion of the navigation of the *world*. The most liberal policy towards other nations, *if met by corresponding dispositions*, will in this respect be found the most beneficial policy towards ourselves."

There was nothing in the treaty of peace relating to commerce and navigation. There was no law authorizing a suspension of protective duties, such as must needs be passed to meet the case of "reciprocity." There was no nation on earth able to maintain a marine desiring reciprocity, save England, and she wanted it only partially, and so that her shipping should be enabled thereby to get the better of ours. The United States had had no thought of devising a policy to secure the "navigation of the world," but only for the carrying of our own commerce.

It is true, that during a portion of the time of the war, our vessels had carried to and from the colonial ports of Holland, France, and Spain, but with the return of peace we could not expect a continuation of their business, and we did not get it. Mr. Madison was careful to condition his suggestion — “if met by corresponding dispositions.” But something had to be said on his part, since our commissioners *had engaged* that an act would be passed and a Convention would afterwards be signed in London giving the British the one-sided reciprocity which they demanded. Their authority to do this will be found in the following extract from a letter of Mr. Monroe, Secretary of State, dated June 14, 1814, which shows that the original instructions of our commissioners did not contemplate any policy of reciprocity: —

“You may concur in an article stipulating that the subject of *impressment, together with* that of commerce between the two countries, be referred to a separate negotiation to be undertaken without delay.” Then the secretary suggests the article be worded as follows: “Whereas, by the peace in Europe the essential causes of the war between the United States and Great Britain, and particularly the practice of impressment, have ceased, and a sincere desire exists to arrange in a manner satisfactory to both parties, all questions concerning *seamen*, and it is also their desire and intention to arrange, in a like satisfactory manner, the *commerce* between the two countries, it is therefore agreed that commissioners shall forthwith be appointed on each side, to meet at                    with full power to negotiate and conclude a treaty, as soon as may be practicable, for the arrangement of *those important interests*. It is nevertheless understood that, until such treaty be formed, each party shall retain all its rights and that all American citizens who have been impressed into the British service shall be forthwith discharged.”

Two days afterward, Mr. Monroe wrote a supplementary letter to the Commissioners saying, “you may omit any stipulation on the subject of impressment, if found *indispensably necessary* to terminate it” — [the war].

But if it were necessary to abandon the subject of impress-

ment, in order to end the war, why did our commissioners submit to dissociation of seamen from commerce? Was that, also, indispensably necessary? The fact is in proof, on the authority of Henry Clay and Albert Gallatin, that "a proposition to abolish discriminating duties *first came from Great Britain*; a provision to that effect was inserted in the unratified treaty of 1806."<sup>1</sup>

In short, the British idea was, that might made right. Only in one thing connected with the war of 1812 did we succeed — in proving to the world that, ship for ship, gun for gun, and man for man, the Stars and Stripes at sea had no superior in the British ensign, though it had "braved a thousand years the battle and the breeze."

*The British Plan for Peace.* It was this fact, unexpected and full of meaning, that caused England to insist on terms of peace which she believed would initiate the accomplishment of her main object in provoking the contest. She had impaired but not destroyed our marine; we were masters of the art of shipbuilding; she was master of diplomacy. We could soon restore our shipping losses, but she could vanquish our flag at sea by controlling our fresh and pliant politicians, divided as our people were with party and sectional differences. She succeeded as she planned. Her first bluff was a proposition that all the waters and both shores of the Great Lakes should be the property of one government, and this one *their own*! We were to have no "inland seas," and no marine thereupon; no development westward of the Northern States, unless by the country roads; no more purchasing or settlement of Indian lands, but the British and Indians were to hold forever the great Northwest. Canada was to become the peer of the Union. The British flag only should fly in lake navigation. To a scheme so unreasonable our commissioners strenuously objected. They obtained approximate justice in our northern boundary, getting the line through the middle of the lakes, but had to pay extortionately for it at other places and in other ways.

Another of the terms insisted on was Pitt's plan of 1783

<sup>1</sup> This treaty, made by Monroe and Pinckney, was thought so one-sided, that President Jefferson refused it countenance and returned it.

for mutual *non-protection* of shipping, partially introduced in the "Jay Treaty," which had expired, but was in force between Great Britain and another country. After the treaty of peace was ratified and the "reciprocity" Convention made, the British press stated that His Majesty had determined to augment his naval forces on the lakes, where scarcely a semblance of American power existed. In November, 1815, our Government sent word to Mr. Adams to propose a limitation of naval force on both sides. To this no encouragement was given. A lord of the Admiralty, March 16, 1816, told the House of Commons that "bumboat expeditions and pinchbeck administrations would no longer do for Canada;" that "Englishmen must lay their account for fighting battles in fleets of three-deckers on the North American lakes; British supremacy should stand unchallenged on those inland seas." Subsequently, the treaty of 1817 was made, limiting the respective navies to a single vessel each, but the spirit of dominance was not laid. In the debates in Parliament the prospect of a new war with the United States was distinctly held out by the ministers and admitted by the opposition as a sufficient reason for enormous and unparalleled expenditure and preparation in Canada and Nova Scotia. One might think in 1816, that the bugaboo of all England was the great and growing military and naval power of the United States, and all because Americans could build ships and sail them, man them and fight them, and possibly build up a rivalry that might one day undertake control.

*The Reciprocity Act of 1815.* The treaty of peace ratified, the next step was taken in the Senate for the passage of an act, that should have been entitled "an act to initiate abandonment of ship protection, and for the relinquishment of carriage in the foreign trade." The British passed their first act thirteen years before, and we had disappointed them in making no response. This time they waited for the convention to be made and then passed their second act in response to our first, which reads thus :

"Be it enacted, etc., that so much of the several acts imposing duties on the tonnage of ships and vessels, and on the goods, wares, and merchandise imported into the United States,

as imposes a discriminating duty of tonnage, between foreign vessels and vessels of the United States, and between goods imported into the United States in foreign vessels and vessels of the United States, be and the same are hereby repealed *so far as the same respects the produce or manufacture of the nation* TO WHICH SUCH FOREIGN SHIPS OR VESSELS MAY BELONG. Such repeal to take effect in favor of any foreign nation, whenever the President of the United States shall be satisfied that the discriminating or countervailing duties of such foreign nation, so far as they operate to the disadvantage of the United States, have been abolished."

This act is in the words of the resolution reported January 10, 1803, subsequently debated, strongly opposed by petitions from the principal ports of the United States, and allowed to drop, as we have described. It originated in the Senate, February 18, the day when the treaty of peace was proclaimed. On motion of Samuel Smith, of Md., a committee consisting of himself, John Taylor, of S. C., of William W. Bibb, of Ga., William Hunter, of R. I., and Rufus King, of N. Y., was appointed to consider the expediency of repealing all discriminating duty acts, or parts of acts, etc. A report was soon made, and in committee of the whole, February 22, Mr. Smith made a speech in which he repeated his arguments of 1803, including the reading of the report which was then made by the committee on manufactures. We quote in part:—

"These, Mr. President, are what are called 'the discriminating duties.' The advantage derived therefrom to the navigation of the United States was such, that in a very few years there was American tonnage sufficient for the carrying of all the productions of our own country, and of other nations to a great extent—in fact, our navigation was second to none but Great Britain, when the late war was commenced.

"The effect of those discriminating duties was felt by those foreign nations with whom we had the greatest intercourse. Great Britain, in the treaty of 1794, reserved the right of countervailing those duties and the United States *bound themselves not to impose any new* discriminating duties if Great Britain did countervail—but the wars in which she has con-



stantly been engaged since has prevented its effects from being felt to any considerable extent. The short peace she had after the treaty of Amiens taught the merchants of South Carolina, however, to know that the extra duty on cotton imported in American vessels into Great Britain was so high that it was much better to employ British vessels than to have their cotton carried in their own."<sup>1</sup> In the year 1802, a letter was received from Mr. King, then Minister of the United States at London, in which he advises the repeal of the discriminating duties.

When Mr. Smith had concluded, the bill was ordered to be engrossed and read a third time. The next day it was passed, receiving 24 votes, about equally divided between North and South. It was sent immediately to the House, and referred to the Committee on Ways and Means, John W. Eppes, of Va., Chairman, and was called up for passage on the 25th.

*Opposition in the House.* Mr. Seybert, of Pa., addressed the House — "This was a subject of great importance, in which his constituents, as much as any people of the United States, were interested; that it came into the House at *too late* a period of the session (ending March 4th) *to be fully discussed and maturely considered*; that when, heretofore, the subject had been brought before the Congress, it had been *opposed by petitions* from various quarters, which would not now appear, because no such measure was expected to have been agitated at this session. He therefore moved that the bill be postponed indefinitely."

Mr. Eppes hoped this motion would not prevail. "It was true, on former occasions, when this subject had been before the House it had excited some sensibility among the merchants, but this was a very different proposition from any which had before been agitated."<sup>2</sup> The bill proposed to take off these countervailing duties when other nations shall adopt corre-

<sup>1</sup> Of course, this was in consequence of being unable, under the *Jay Treaty*, to offset the British discrimination by another regulation on our part.

<sup>2</sup> This was a mistake; see chapter x. for resolution of January 10, 1803, introduced, debated, petitioned against, and dropped.

sponding regulations. We were capable of building vessels as cheaply, perhaps more cheaply, than any country on earth, and such a regulation as was proposed, *if reciprocal*, would prove highly advantageous to our navigation."

"Mr. Seybert interrupted Mr. Eppes by a withdrawal of his motion to postpone the bill, and it was committed to the Committee of the Whole."

Friday, March 3, "The bill from the Senate to repeal the discriminating duties on imports and tonnage, on condition that reciprocal measures are adopted by foreign governments, passed through the Committee of the Whole *without debate*, was reported to the House, ordered to a third reading, was read a third time, passed by unanimous vote, and returned to the Senate."

*The Compulsory Measure.* If there ever were an ill-advised and unfortunate act for the interest of American navigation, it was this one for maritime reciprocity. It was practically compulsory, since our commissioners had promised it. This explains why its enactment was virtually unopposed. The reason given for it by Mr. Eppes — that we could build vessels *cheaper* than other nations — was no more true in 1815 than in 1789 or in 1803, when something besides cheap building was indispensable in building up the carrying trade. Even had it been true and pertinent in 1815, cheap vessels had less to do with successful navigation than any other circumstance that could be named. The overruling and all-important factor is *employment*. To neglect this is to manifest ignorance of the simple and practical philosophy of the carrying trade — freights *both ways*, not simply a "cheap" ship. The command of freights in foreign ports, by American vessels, could have been little, if any, better in 1815 than in 1789, when discriminating duties were established to secure *return freights*. Reciprocating the taking off of these duties was of no benefit to an American owner, for he thereby lost his return freight. Only a credulous mind could imagine that a benefit would thus arise. It would be a very poor freight indeed, that would not amount to *several times the sum* of any discriminating or countervailing duty chargeable to one of our vessels in a foreign port. The truth is, the British

wanted these duties of ours removed, so *their* vessels could get *the work* of our vessels. Our peace commissioners, not one of them equipped with practical experience in shipbuilding or navigation, had consented to entertain the proposition and got conditional permission to commit their government to it. The reason given by Mr. Eppes was only to save appearances.

The condition, "if reciprocal," was both illusive and delusive. If it would have been advantageous to our vessels to remove the discriminating duties, their owners would have known it and petitioned for it. On the contrary, when the measure was first suggested in 1802-3, they memorialized Congress against meddling with these duties, the idea was dropped, and in 1804 the discriminating tonnage duties were doubled by adding a tax for "light-money." Besides, we had had experience enough with the British in treaty matters to have been wiser than to imagine they would observe any treaty or commercial convention that interfered at all with their supremacy at sea.

As for the provisions of the Act, the vessels of one nation could not bring the goods of another nation to the ports of the United States, but only *its own productions*. Second, "*any foreign nation*," including of course its colonies, could qualify for the "reciprocity" thus limited and described. Here is where we deceived ourselves. We had long wanted admission to the British West India trade. It was assumed that a commercial convention with Great Britain, particularly one of "*mutual*" character, for "*reciprocal benefits*," "free and equal trade," etc., might be negotiated with that government. We were mistaken. A lion is on earth for one thing only — animal mastery.

The unwisdom of this act did not lie in its details but in its principle, and in the *change* of policy involved. From protection of navigation, we were to change to *non-protection*. It had been under non-protection six years prior to 1789, and had failed to thrive. It had then come under protection and for twenty-six years had thriven remarkably. It was mere theory, that the trade affected could survive the reversion. Then, Great Britain was the original proposer of "reciprocity" —

not to the nations of the world, but to the United States, her future rival. That should have settled the question against her.

*Results of our Impolitic Step.* The Commissioners who negotiated the Convention of July 3, 1815, with the British Government were John Quincy Adams, Henry Clay, and Albert Gallatin, three of the five concerned in the treaty of peace. Mr. Adams was Minister at London, and very willing to accommodate matters to suit British sentiment. His idea was that a mutual removal of duties would "result favorably." How this could be he never explained. To result unfavorably for England would provoke ill feeling; to result unfavorably for the United States — no matter. Henry Clay was a believer in protection to American industries, and he wanted the West Indies opened. Albert Gallatin took great stock in "free trade." He discounted nothing for unfairness. In his view, "liberality" would take the place of protection to great advantage. The benign principle of "generosity" would not be long in winning such popularity in foreign ports that American shipping would, one day, displace European, and then the carrying *of the world* would be ours! But where are we *now*, with our ship protection dissipated, our ships and prestige gone, Great Britain blessing the day when we glorified her and abased ourselves? For a quarter of a century we had enjoyed our legislative *liberty*, by this agreement we would surrender it — and for what? For Britain's legislative liberty? That was worth nothing to us. Peculiar circumstances, not existing in our case, secured to her several ways outside of legislation to protect her carrying trade, which with us were not available.

"CONVENTION TO REGULATE COMMERCE AND NAVIGATION CONCLUDED JULY 3, 1815. RATIFICATIONS EXCHANGED AT WASHINGTON, DECEMBER 22, 1815.

"The United States of America and His Britannic Majesty being desirous, *by a convention*,<sup>1</sup> to regulate the commerce and navigation between their respective countries, territories, and people, in such a manner as to render the same reciprocally beneficial and satisfactory, have respectively named Plenipotentiaries, and given them full power

<sup>1</sup> This instrument is commonly miscalled a "treaty."

to treat of and conclude such *convention*, that is to say: (Names omitted.)

“*Article I.* There shall be between the territories of the United States of America, and all the territories of His Britannic Majesty in *Europe*, a reciprocal liberty of commerce. The inhabitants of the two countries, respectively, shall have liberty freely and securely to come with their ships and cargoes to all such places, ports, and rivers, in the territories aforesaid, to which other foreigners are permitted to come, to enter into the same and to remain and reside in any parts of the said territories, respectively; also to hire and occupy houses and warehouses for the purposes of their commerce; and, generally, the merchants and traders of each nation respectively shall enjoy the most complete protection and security for their commerce, but subject always to the laws and statutes of the two countries, respectively.

“*Article II.* No higher or other duties shall be imposed on the importation into the United States of any article the growth, produce, or manufacture of his Britannic Majesty's territories in Europe, and no higher or other duties shall be imposed on the importation into the territories of his Britannic Majesty in Europe of any article the growth, produce, or manufacture of the United States, than are or shall be payable on the like articles being the growth, produce, or manufacture of any other foreign country; nor shall any higher or other duties or charges be imposed in either of the two countries, on the exportation of any articles to the United States, or to His Britannic Majesty's territories in Europe, respectively, than such as are payable on the exportation of the like articles to any other foreign country; nor shall any prohibition be imposed on the exportation or importation of any articles the growth, produce, or manufacture of the United States, or of His Britannic Majesty's territories in Europe, to or from the said territories of His Britannic Majesty in Europe or to or from the said United States, which shall not equally extend to all other nations.

“No higher or other duties or charges shall be imposed in any of the ports of the United States on British vessels than those payable in the same ports by vessels of the United States; nor in the ports in any of His Britannic Majesty's territories in Europe on the vessels of the United States than shall be payable in the same ports on British vessels.

“The same duties shall be paid on the importation into the United States of any articles the growth, produce, or manufacture of His Britannic Majesty's territories in Europe, whether such importation shall be in vessels of the United States or in British vessels, and the same duties shall be paid on the importation into the ports of any of His

Britannic Majesty's territories in Europe, of any article the growth, produce, or manufacture of the United States, whether such importation shall be in British vessels or in vessels of the United States.

"The same duties shall be paid, and the same bounties allowed, on the exportation of any article the growth, produce, or manufacture of His Britannic Majesty's territories in Europe to the United States, whether such exportation shall be in vessels of the United States or in British vessels; and the same duties shall be paid, and the same bounties allowed, on the exportation of any article the growth, produce, or manufacture of the United States, to His Britannic Majesty's territories in Europe, whether such exportation shall be in British vessels or in vessels of the United States.

"It is further agreed that in all cases where drawbacks are or may be allowed upon the reexportation of any goods the growth, produce, or manufacture of either country, respectively, the amount of the said drawbacks shall be the same, whether the said goods shall have been originally imported in a British or an American vessel; but when such reexportation shall take place from the United States in a British vessel, or from the territories of His Britannic Majesty in Europe in an American vessel, to any other foreign nation, the two contracting parties reserve the right of regulating or diminishing, in such case, the amount of the said drawback.

*"The intercourse between the United States and His Britannic Majesty's possessions in the West Indies, and on the continent of North America, shall not be affected by any of the provisions of this article, but each party shall remain in the complete possession of its rights, with respect to such an intercourse.*

"Article III. His Britannic Majesty agrees that the vessels of the United States of America shall be admitted and hospitably received at the principal settlements of the British dominions in the East Indies, *vide licit*: Calcutta, Madras, Bombay, and Prince of Wales Island; and that the citizens of the said United States may freely carry on trade between the said principal settlements and the said United States, in all articles of which the importation and exportation, respectively, to and from the said territories, shall not be entirely prohibited, provided only, that it shall not be lawful for them, in any time of war between the British Government and any state or power whatever, to export from the said territories, without the special permission of the British Government, any military stores, or naval stores, or rice. The citizens of the United States shall pay for their vessels, when admitted, no higher or other duty or charge than shall be payable on the vessels of the most favored European nations, and they shall pay no higher or other duties or charges on the importation or exportation of the

cargoes of the said vessels than shall be payable on the same articles when imported or exported in the vessels of the most favored European nations.

"But it is expressly agreed that the vessels of the United States shall not carry any articles from the said principal settlements to any port or place, except to some port or place in the United States of America, where the same shall be unladen.

"It is also understood that the permission granted by this article is not to extend to allow the vessels of the United States to carry on any part of the coasting trade of the said British territories; but the vessels of the United States having, in the first instance, proceeded to one of the principal settlements of the British dominions in the East Indies, and then going with their original cargoes, or part thereof, from one of the said principal settlements to another, shall not be considered as carrying on the coasting trade. The vessels of the United States may also touch for refreshment, but not for commerce, in the course of their voyage to and from the British territories in India, or to and from the dominions of the Emperor of China, at the Cape of Good Hope, the Island of St. Helena, or such other places as may be in the possession of Great Britain, in the African or Indian Seas, it being well understood that in all that regards this article, the citizens of the United States shall be subject, in all respects, to the laws and regulations of the British Government from time to time established.

"*Article IV.* It shall be free for each of the two contracting parties, respectively, to appoint consuls for the protection of trade, to reside in the dominions and territories of the other party; but before any consul shall act as such, he shall, in the usual form, be approved and admitted by the Government to which he is sent; and it is hereby declared that, in case of illegal or improper conduct towards the laws or Government of the country to which he is sent, such consul may be either punished according to law, if the laws will reach the case, or be sent back, the offended Government assigning to the other the reasons for the same.

"It is hereby declared that either of the contracting parties may except from the residence of consuls such particular places as such party shall judge fit to be so excepted.

"*Article V.* This convention, when the same shall have been duly ratified by the President of the United States, by and with the advice and consent of their Senate, and by His Britannic Majesty, and the respective ratifications mutually exchanged, shall be binding and obligatory on the said United States and His Majesty *for four years* from the date of its signature, and the ratifications shall be exchanged in six months from this time, or sooner if possible.

"Done at London this third day of July in the year of our Lord one thousand eight hundred and fifteen."

(Names omitted.)

*The Convention Uncomfortable to Act.* We have quoted at length the Act of March 3, 1815, and the foregoing convention, that the reader may find, if he can, whether or not the latter was authorized by the former. The act contemplated a *full* reciprocation of certain relations between the two nations. A *partial* reciprocation could not be a fulfillment of the act. We gave general port reciprocity on our part, but received only partial port reciprocity from Great Britain. We passed the act for the principal purpose of opening the West Indies, which England had always refused. Why did our Commissioners back down? The act presumed a change in the course of England. The Commissioners knew very well that international law already gave us everything of value which the Convention provided, even a claim to the opening of the Indies under the circumstances of the trade. We had been doing well for twenty-six years without an agreement of any kind for commercial rights or privileges, either with Great Britain or several other nations. The only good reason for a convention with Great Britain, besides the opening of the Indies, lay in the advantage of getting her to agree to *impress no more of our seamen*. This she refused. And she also refused to open to us any but her *European* ports, the *half* of which were unvisited by our vessels. So she got what she wanted, and gave us what she liked.

As the convention was but a travesty of our desires and of our act, our commissioners did well to fix its duration at *four years*. On the other hand, the British Commissioners knew well enough that their government would ultimately have its way about *continuance*. We had statesmen, however, who were indignant, who meant that England should have general port reciprocity only when she would give it in return.

Discriminating duties may be taken as prevailing throughout the calendar year 1815; after that year, as to England, they were off.

Our Government made a virtue of necessity. We soon began



to extend "reciprocity" and to test its alleged advantages — beginning with Sweden and Norway in 1818; France, 1823; Denmark, 1827; Hanseatic Cities, 1828; Prussia, 1829; etc. The following table will illustrate results :<sup>1</sup> —

(5) FOREIGN AND AMERICAN TONNAGE, IN FOREIGN TRADE, THAT ENTERED AMERICAN PORTS, YEARS ENDING DECEMBER 31ST.

Years.	British.	Swed- ish.	French.	Danish,	Hanse- atic.	Prus- sian.	Foreign.	American.	Per cent. <sup>2</sup>
1815	145,364	15,481	4,055	3,330	6,803	12,475	217,413	700,500	76.32
1816	<b>212,426</b>	7,442	10,997	3,394	2,855	171	259,142	877,462	77.11
1817	174,935	2,001	15,110	1,610	3,556	—	215,166	780,136	79.88
1818	118,538	928	23,475	1,744	3,742	132	161,414	755,101	82.38
1819	36,333	<b>2,958</b>	28,765	2,796	4,408	737	85,898	783,579	90.12
1820	47,365	2,896	17,131	2,536	3,547	—	78,859	801,282	91.04
1821	52,976	5,549	1,427	4,235	6,014	<b>1,236</b>	82,915	765,698	90.22
1822	80,940	3,337	3,669	4,696	10,007	940	112,407	787,961	87.51
1823	86,009	3,436	<b>7,195</b>	482	8,095	—	117,397	775,371	86.85
1824	54,682	2,806	13,547	600	6,430	<b>310</b>	89,481	850,633	90.47
1825	63,034	1,345	15,713	<b>1,076</b>	5,510	—	94,836	880,754	90.08
1826	82,117	3,891	16,601	—	6,500	<b>207</b>	120,718	942,306	88.64
1827	101,470	2,458	13,129	<b>1,878</b>	6,402	—	137,682	918,361	86.97
1828	98,851	4,199	16,757	2,776	<b>8,470</b>	<b>208</b>	147,006	868,381	85.52
1829	86,158	3,685	13,047	1,567	8,411	—	130,068	872,949	86.98
1830	100,298	3,262	4,057	1,882	7,148	<b>287</b>	136,446	967,327	87.63
1831	239,502	4,801	15,914	5,703	13,317	<b>311</b>	217,656	922,062	80.91
1832	311,569	10,181	25,907	5,893	25,472	<b>350</b>	421,067	949,622	69.20
1833	402,730	14,066	21,732	5,457	28,754	<b>359</b>	520,574	1,111,441	68.09
1834	453,405	13,392	23,649	5,788	22,265	<b>934</b>	568,662	1,074,670	65.42
1835	529,922	15,661	15,457	13,570	28,318	<b>1,272</b>	641,310	1,352,653	67.84
1836	544,774	23,030	19,519	8,463	39,525	<b>3,729</b>	680,313	1,255,394	64.85
1837	543,020	25,060	26,288	16,107	70,703	<b>19,825</b>	765,703	1,299,720	62.92
1838	484,702	8,695	20,570	8,447	37,338	<b>2,087</b>	592,110	1,302,974	68.75
1839	495,353	17,725	22,688	5,053	41,139	<b>2,204</b>	624,314	1,401,379	70.47
1840	582,424	15,376	30,701	4,280	41,374	<b>1,394</b>	712,383	1,576,946	68.84
1841	615,623	(Severe panic in 1837 — "hard times.")					736,344	1,631,009	68.90

*What this Table demonstrates.* From the foregoing table of "entered" vessels in our foreign trade, it will be seen that, in the very first year of operation of the convention with Britain, the entrances of that nation, increased 46 per cent., our own but 25 per cent. There was a falling off the year following, but our arrivals fell off nearly as much proportionately. In 1818 British entrances again decreased, but there was good reason for that — the act of April 20, looking to the compulsion of England to respect our rights of trade in the West Indies. After a twelve years' struggle, we carried our point. After 1830, the year of the opening of the West Indies, the British gains in entrances at our ports were *immense*, and greatly beyond our own growth.

<sup>1</sup> The first year in which the Convention operated is marked by large black figures for tonnage.

<sup>2</sup> American percentage of tonnage entered. Diminishing after 1820.

This will be found to be the case, on examining the table, with respect to every nation except Prussia, which seems to have benefited less than the others. This table deals with the time of *sailing ships* and of *wooden construction* — *the best ship for commerce being built in the United States*. This foregoing table is representative. It proves beyond a doubt — that our lost marine was *convention-sunk*, and this fate was dealt out to placate the only deadly foe our young nation ever had.

Surely, it is not in the light of the history of the “convention” of 1815, and the effect of the policy which it initiated, that we are urged to be tender of our *treaties* — to honor and fear them forever — and to try if SUBSIDY will not restore our flag to the sea. Possibly, there might exist a sacred treaty, but a *time convention* founded on coercion and operated without equity is a thing to be hated and destroyed. No ingenuity can make it an argument for an improper policy. No self-respecting people will maintain such a policy, the outgrowth of such conditions — when they learn the truth.

## CHAPTER XIII.

### NAVIGATION AND NON-INTERCOURSE BILLS — ACT OF 1817.

*Madison's Farewell Word upon Shipping.* President Madison was much disappointed with the Convention work of Adams, Clay, and Gallatin. His feeling is to be seen in his public utterances, for he felt obliged to write, in his Seventh Annual Message, December 5, 1815, as follows:—

“It is another source of satisfaction that the treaty of peace with Great Britain has been succeeded by the Convention on the subject of commerce concluded by the plenipotentiaries of the two countries. In this result a disposition is manifested on the part of that nation corresponding with the disposition of the United States, which it may be hoped will be improved into *liberal* arrangements on *other* subjects on which the parties have mutual interests, or which might endanger their future harmony. Congress will decide on promoting such a *sequel* by giving effect to the measure of confining the *American navigation to American seamen* — a measure which, at the same time that it might have that conciliatory tendency, would have the further advantage of increasing the *independence* of our navigation and the *resources* for our maritime defenses.”

Madison had intended to have the commercial convention provide against impressments by a mutual requirement of law that only citizens or subjects, respectively, of our own country or of Britain, should be employed in the manning of merchantmen. While the British refused this “arrangement,” nevertheless, it was a good one for us to make for ourselves. It had always seemed to be Madison’s idea that a “treaty” would prove a security — he found even the hope of one a broken reed to lean upon. He soon acquired a practical knowledge of the utter worthlessness of the Adams Convention. In his Eighth Annual Message, December 3, 1816, he remarks:—

"It is to be regretted that a *depression* is experienced by particular branches of our manufactures <sup>1</sup> and by a *portion of our navigation*. . . . The depressed state of our navigation is to be *ascribed* in a material degree to its *exclusion from the colonial ports* of the nation most extensively connected with us in commerce, and from the *indirect operation* of that exclusion.

"Previous to the late Convention at London, between the United States and Great Britain, the relative state of the navigation laws of the two countries, growing out of the treaty of 1794, had given to the British navigation a material advantage over the American in the intercourse between the American ports and British ports in Europe. The Convention of London equalized *the laws* of the two countries relating to those ports, leaving the intercourse between our ports and the ports of the British colonies subject, as before, to the respective regulations of the parties. The British Government enforcing now regulations which *prohibit* a trade between its colonies and the United States *in American vessels*, whilst they permit a trade in British vessels, the American navigation loses accordingly, and the loss is augmented by the advantage which is given to the British competition over the American in the navigation between our ports and British ports in Europe, by the circuitous voyages enjoyed by the one and not enjoyed by the other."

This, however, was not the worst of the new arrangement, that in British European ports there was no inducement, even for an American merchant, to prefer an American vessel, our discriminating duty being off. Theorists suppose the *rate* of freight will make a preference, but British underwriters have always had a way of *choosing the ship* for the merchant who freights her. Under discriminating duties, this choice lay with the merchant. *British underwriters build up no British rivals*. Continuing his message, the anxious President, after more than thirty years of battling for the American marine, thus brought his suggestions to an end: —

"The reasonableness of the rule of reciprocity applied to one

<sup>1</sup> Taking Lord Brougham's advice, British merchants with their shipping had overrun the "States" with importations to break down our "rising manufactures." Our Convention favored this.

branch of the commercial intercourse has been pressed on our part as equally applicable to both branches ; but it is ascertained that the British Cabinet *declines all negotiation on the subject*, with a disavowal, however, of any disposition to view in an unfriendly light whatever countervailing regulations the United States may oppose to the regulations of which they complain. The wisdom of the Legislature will decide on the course which, under these circumstances, is prescribed by a joint regard to the amicable relations between the two nations and to the *just interests of the United States.*"

The term of President Madison would end in a few months, but other friends of an American marine were, it soon appeared, very numerous in the House and Senate ; in fact, concord on this great subject became a general sentiment. Madison's suggestions were fruitful of action.

*Navigation Bills of 1816-17.* Two important shipping bills were reported by Mr. Forsyth, of Ga., from the Committee on Foreign Relations of the House of Representatives, December 23, 1816, and referred to the Committee of the Whole House.

The *first*, called the "Navigation Bill," prohibited after a certain day "the importation of any merchandise from any foreign port, except in vessels of the United States, or in foreign vessels owned wholly by the citizens or subjects of the country of which the goods are the growth or produce, or from which such goods are usually shipped for transportation : Provided that the prohibition shall not extend to the vessels of any foreign nation which has not adopted or shall not adopt a similar regulation."

Mr. Forsyth explained the views of the Committee in reporting the bill ; its effects, and the necessity of such a regulation, to place our navigation on a footing with, and to counteract the partial regulations of, foreign countries, Great Britain in particular. The measure looked to opening the *indirect* carrying of the world to American vessels, or to confining the refusing nations to a direct trade with the United States.

Mr. Lowndes, of South Carolina, moved to strike out the proviso. An interesting debate followed — on the principles of the bill — in which the commercial intercourse of this country

with foreign nations, the relations of trade generally, and the effect of our commercial conventions (now only with Great Britain and Sweden-Norway) were widely discussed. Those foremost in the discussion were Forsyth, Lowndes, Smith, of Md., Calhoun, of S. C., Clay, of Ky., Hopkinson, of Pa., Timothy Pitkin, of Conn.

The question on striking out was decided in the negative — ayes 36. No other amendments being offered, the *second*, or “Non-intercourse Bill,” was taken up. This was, “to prohibit all commercial intercourse with ports or places into, or with, which the vessels of the United States are not ordinarily permitted to enter and trade.”

*Petition to Retaliate Impositions.* January 23, 1817, Mr. Wendover, of N. Y., presented a petition of the merchants and shipowners in the city of New York praying that an act may be passed imposing such restrictions on the commerce of foreign nations with, and on the shipping of said nations entering the ports of, the United States, as are imposed by them, or any of them, on the commerce of the United States, or on the shipping of the same, entering the ports of such foreign nations. Referred to the Committee of the Whole, having a bill on the subject in hand.

January 30, 1817, House again in Committee on “Non-intercourse bill.” Mr. Cyrus King, of Mass., opening the debate, said : —

*Speech of Cyrus King, of Massachusetts.* “The regulations proposed by the bill bore no analogy to the restrictive system, commencing with the non-importation act of 1806, and ending in the war of 1812; that was not to regulate commerce, but to convert it into an engine of war, which reacted with greater force upon our own citizens than it acted upon the enemy. The present regulations, if adopted, would be in self-defense, to retaliate upon foreign nations some of their injurious impositions. It never has been the policy of this country to begin a system of this kind; but it is her true policy to counteract the regulations of other nations.” . . .

Mr. Calhoun, of S. C., having suggested the making of treaties instead of laws, Mr. King replied : —

"But, sir, it requires consent of *two* nations to form a treaty, though *one* may pass laws regulating commerce. *Such laws are more permanent than treaties.* Take the case of Great Britain and her Navigation Act — one hundred and fifty years old." . . .

Then he quoted Jefferson and Gerry's report of 1784, respecting the original plan for the different States to authorize Congress to regulate our trade for fifteen years, and which was not consented to. He referred also to the effort and argument of a second committee, in 1785, headed by Mr. Monroe, the President-elect, who, in his letter to the States, said : —

"Possessing no advantages in the ports of his own country, and subjected to much higher duties and restrictions in those of other powers, it will necessarily become the interest of the American merchant to ship his produce in foreign bottoms ; of course their prospects of national consequence (as States) must decline, their merchants become only the agents and retailers of those of foreign powers, their extensive forests be hewn down and laid waste, to add to the strength and make more resources (of foreign powers) and the American flag be rarely seen upon the face of the seas. . . . If they (the States) wish to cement the Union by the strongest ties of interest and affection ; if they wish to promote its strength and grandeur, founded upon that of each independent State, every consideration of local as well as of Federal policy urge them to adopt the following recommendation : " —

"To vest Congress with power to regulate commerce." . . .

"Such, sir, were the views of some of our most distinguished citizens, and such the principles of policy recommended by them, for the adoption of their country — equally applicable to our present situation — equally necessary now to be adopted. That they were not called upon at an earlier period, the convulsed state of Europe from the commencement of the French Revolution, in 1789, to the termination of the late conflict in Europe, furnishes a sufficient reason. But, sir, Congress ought before to have acted upon this subject — before the termination of that conflict — before the *negotiation of the late commercial Convention* of London. Great Britain did *this* : She revised her navigation laws ; formed a new tariff, or greatly altered her

former, and adapted the whole to a state of peace in Europe and with America. And although in that *Convention* she professes to put the *direct trade* between the two countries upon a perfect footing of *reciprocity*, yet she had before secured the *principal advantages* to her own ships and subjects.<sup>1</sup> In the words of Mr. Jefferson's report, 1793, we did give 'her commerce and navigation in exchange for restrictions and vexations.' We admit all her productions; she refuses or lays prohibitory duties on many of ours. *All our ports are open to her; one third of her ports are closed against us.* She told our commissioners we had *nothing to offer* in exchange for her colonial ports. Have we not a most extensive and lucrative *commerce* to offer for them — a commerce, if not essential to their existence, at least *necessary* to their growth and prosperity? Shall it be said we have nothing to offer for the trade of these colonies, when they now receive in British bottoms three fourths of their supplies from us? No, sir; pass the laws on your table, and at your next negotiation you will have in them stronger arguments than any of your commissioners had at the formation of the late Convention, as it respects the colonial trade. In a little more than two years that Convention will expire. You will probably treat again upon the subjects embraced by it. These laws will aid you in obtaining a *true reciprocity* in commerce." . . .

*Relaxations of the British Navigation Act.* Mr. King asked attention to the principal features of the British Navigation Act, quoting from "Chitty's Law of Nations." (The main section of this act is given in chapter iv.) He dwelt especially upon the fact that Parliament had made exceptions in favor of several nations, our own among them. Said he:—

"Let it not be said that she will not relax in her colonial system, when we see she has relaxed, even in relation to this country, when it was for her interest. But what reason has she to relax her restrictions *if you do not retaliate them?* Relax them, did I say! Nay, she will add to them — favor the trade

<sup>1</sup> Here was additional proof of her desire for, and determination to have, the partial port reciprocity on her part and the full port reciprocity on our part which our commissioners unwisely agreed to.



of her own subjects at the expense of your trade, unless you *countervail* her acts. The very trade between our country and her colonies, which she allows in her own bottoms, is a relaxation of the old colonial law, which restricted that trade to the mother country. And what has been the consequence of this direct trade in British ships between her colonies and this country? That some of these colonies have prevented, *by high duties*, the introduction from neighboring islands, to which our vessels can go (except from Bermuda), of all commodities from this country, because they can receive them cheaper direct, and can send their produce, such I mean as they permit to be sent, chiefly rum, sugar, and molasses, directly to us, *by their own vessels*. And, sir, it is principally by this colonial trade of Great Britain, the decided advantage which that affords, which enables her almost to engross the direct trade between this country and Great Britain — the advantage of double voyages — freight both ways — thereby enabling her shipowners to carry for less freight.”

*Tricks of the Plaster Trade.* Continuing, Mr. King disclosed the antagonism of certain Provincial Assemblies.

“In relation to that part of Mr. Jefferson’s report which refers to some of the British islands which might equally with ourselves be the victims of the restrictive laws of Parliament, it is sufficient to remark, that some of *the colonies* (I do not refer to the Islands) have urged England on to the adoption of some of her laws injurious to our navigation. Nay, some of her *Colonial Assemblies* have themselves passed laws in relation to their trade with this country of which we have reason to complain. On the subject of trade in plaster of Paris, the Assemblies of New Brunswick and Nova Scotia have passed laws of the most offensive character: laying a duty, almost equal to the price of the article in the Boston market, on all the plaster exported from their provinces, and landed *to the East of Cape Cod* — the duty I think is 20s. sterling the ton; and this act, contrary to all expectation, has received the sanction of the Prince Regent. Thus, to enable the British vessels to carry the articles to the place of consumption, a distinction is made in our ports, and a preference given to some of our ports over others. Can Congress for a

moment suffer a preference of this kind? Suffer a foreign power to do that which the Constitution will not permit you to do? *Where will these encroachments end, if not met by the most decisive measures of retaliation?*

"Sir, I fear this whole business is a sacrifice of principle to a little temporary interest. We hear it said, it will do no good to pass these laws; Great Britain will not relax in her restrictive system. Sir, it will do this good: it will prevent her wealthy merchants and shipowners from rising into importance from the misfortunes and the bankruptcies of our citizens; it will prevent her already gigantic naval power from rising still higher on the ruins of our own.

"One word more respecting this trade in plaster of Paris. Its importance, *and the motives* for passing the colonial laws on the subject, may be collected from the resolutions passed 'at a meeting of the merchants, shipowners, and other inhabitants of the city of St. John, N. B., February 19th, 1816, to wit: —

"'That by the best estimate, this trade duly regulated, will employ 15,000 tons of additional British shipping, being more than is used in all the rest of the trade of the Province.'

"Then follows a denunciation of 'contraband trade' that has drained off *specie*; and complaint is made that many vessels belonging to the out ports of the Bay of Fundy are only nominally British — virtually American, etc. After referring to the interest of Nova Scotia in the subject it was

"'Resolved, That a petition to the Legislature now in session be immediately forwarded, humbly praying that effectual regulations be enacted, that no plaster of Paris may be delivered in the neighborhood of the American line, or anywhere to the Eastward of Boston in such way as to enable the American coasting vessels to carry it from the said lines to the places of consumption.' "

Considering that the United States furnished the only convenient and good market for plaster, for the product of New Brunswick and Nova Scotia, into whose ports our own vessels could not appear, the animosity of the St. Johns meeting, the N. B. Assembly, and the Prince Regent of England — was not an uncommon manifestation of British feeling.

*Review of the Shipping Situation.* Mr. King then examined our tonnage statistics and remarked upon the ruin then plainly threatening our navigation.

. . . "The amount of our tonnage — (entire marine) — in 1816, by treasury report, was over 1,400,000 tons;<sup>1</sup> (but Pitkin thinks actual amount is 1,250,000.) The tonnage for 1815, laid on tables yesterday, equal to 1,368,127 tons, but actual amount may be rated at 1,250,000. . . . It would require 62,500 seamen to navigate it. Original cost at \$40 is \$50,000,000; actual value at any period *two thirds* of first cost = \$33,333,333 = capital in navigation in 1815. All of this tonnage requires to be replaced in *ten years*. This means 125,000 built annually — whole cost, \$5,000,000. . . . Many different trades are employed in shipbuilding." . . .

"But what is the situation of our navigation and of our galleant seamen at this moment? (January, 1817.) Owing in part to the causes to which I have alluded, the *restrictions imposed by one nation*, upon our mercantile enterprise, and the many privileges and advantages which the ships and seamen of that very nation enjoy in our ports, in reference to colonial trade, and even to the *direct* trade with Great Britain, and in some degree, no doubt, to the general peace throughout the world; more than *one half* of our tonnage is now useless, dismantled at the wharves, and literally rotting in the docks. Many of our seamen are reluctantly compelled to seek employ in foreign countries, and to sail under foreign flags. Our ship carpenters, too, destitute of employ, are obliged, for a living, to go into the British provinces of New Brunswick and Nova Scotia, there to cut timber, even for the royal navy of England, and to build vessels to carry it to Great Britain. Thus British merchants with British capital employ our carpenters to build many vessels which are not only employed to carry on the direct trade with Great Britain, but to carry our lumber, our live stock, and our provisions, to their colony. Hundreds of our artists and laborers, formerly employed in shipbuilding, are reduced to poverty, and the owners

<sup>1</sup> Treasury records give 1,372,219 tons as the amount for 1816. Even this would be too large according to the correction of statistics in 1818. Pitkin was probably right in his figures.

of our ships, there being neither sale nor employment for them, are, many of them, bankrupt, without even the consolation of unfortunate merchants, a bankrupt law to save them from prison ; and many of our towns and villages, once flourishing by commerce and navigation, deprived of both, now rapidly decay. Will the bill on your table have a tendency to relieve some of these misfortunes ? I think it will. If it should not open the British islands to us, it will at least employ many of our ships and seamen to carry some of our productions necessary for the British islands, to other islands in the West Indies, to be carried thence in British ships into their own ports ; giving us the privilege, nearly to the port of consumption, for many of those articles which now are only carried in British vessels. It will, too, prevent some of their merchants, and some portion of their navigation, from flourishing on the ruin of our own. . . . The measure proposed, if it produces the desired effect, will be equally beneficial to the islands and to this country." . . .

*The Ruse of a Trader.* "It has been pretended by some, that the trade carried on between this country and the British islands, is not a profitable one ; and we see calculations in some of our public papers, made, no doubt, by British merchants or British agents among us, to this effect. But why do they persevere in this trade if it be unprofitable ? Why not permit others to participate in the loss ? The suggestions on this head remind me of a circumstance mentioned respecting the first merchant of New York who shipped flaxseed to the Irish market. On the return of his ship, he was asked how the article answered ? Not at all, was the reply, it was *a ruinous business* ; but it was observed he soon loaded another vessel with the same article, and then another ; still, on the return of each, the story was — that the trade was most ruinous. His friends asked him why he persisted in such a losing trade ? He replied, that he must do something to *support his family*. So those British merchants and agents, who complain that the colonial trade with this country is a losing one, get something to support their families ; and what is more, greatly to benefit the English nation." . . .

One of the principal characters in Congress concerned in the shipping legislation of the country was Samuel Smith, of Md.

In 1815, he had led off with the act of March 3d, to authorize the commercial Convention of July 3d, 1815, with Great Britain. On that occasion, only this act, followed by this Convention, could save the fortune of the American navigation. The retention of protective discriminations, even the one he moved for in 1789, would prove ruinous. Now, "reciprocal liberty of commerce" — British reciprocity — *having covered its advocates with confusion*, Mr. Smith *denied his discipleship*. His observations were mostly from a mercantile view — whether we could afford to lose some trade? However, he inclined to the bill. Said he: —

. . . "If we maintain the system for a year or two, until the *Convention of commerce* expires, we may, with this act in our hands, make some bargain with the British Government to the advantage of our trade and navigation. . . . If you reject the bill, what will be the consequence? Great Britain will say that you acknowledge yourselves unequal to the contest, and that she may dictate to us, bound hand and foot, what trade we shall pursue."

*Henry Clay on the Convention of 1815.* Mr. Cady, of New York, made suggestions about the construction of the *Convention*, fearing it prevented the passage of the bill. This brought out Henry Clay, one of our commissioners that consented to the articles of the Convention in question. He was then Speaker. He said, that "the gentleman was certainly mistaken in his interpretation of the agreement."

"The two great objects of that Convention were, it was true, first, to place the *tonnage* of the two countries on a footing of equality in each other's ports; second, to place the *cargoes* with which the ships were charged, whether in English or American vessels, on the same equality of footing. But an express clause was contained in the treaty, that nothing contained in the second article should be construed to affect the intercourse between us and the West India islands, and the British North American provinces. It followed, from this provision, that if the productions, for example, of the N. A. or W. I. colonies of Great Britain were carried to Great Britain, it would be lawful for us to interdict those productions from being imported in that circu-

itous channel into the United States. Otherwise, each party would not be, as provided by the Convention, in possession of *all its rights* in relation to that intercourse.

“ But further, the interpretation of the gentleman would lead to a repeal of an important feature of the British Navigation Act. One of its principles was, that the productions of a country should be confined, in their importation into her European ports, to the ships of that country; that American vessels, in other words, shall not carry into Great Britain the productions of France; and the very case which the gentleman had stated, would, under the British Navigation Act, subject a vessel to confiscation in the British ports. If an American vessel carried a single cask of the productions of the West India islands, the same confiscation would ensue.

“ Besides that view of the subject, he had understood that, subsequent to the passage of the acts of Parliament for regulating trade in pursuance of the terms of the Convention of commerce with us, the British Government had, in some manner, regulated the terms as to their cargo, on which American vessels should be admitted into her ports. He did not know whether the enlarged construction which the gentleman from New York had given the treaty, might not be beneficial. But whether or not, that was *not* the construction of either of the parties to the treaty, and Great Britain had herself acted on a different principle. He indeed considered it *the duty of Congress in consequence of one of the provisions of that very treaty*, to take up this trade, and regulate it in such manner *as the interests of this country* appeared to require.”

In other words, the “ interests of the country ” were not promoted or set forward *by the Convention*, the making of which was decidedly *in the interest of England*. So anxious was she to get rid of our discriminating duties she did not wait for our ratification in December, but anticipated the date agreed upon. The reason for this move lay in the fact that British merchants meditated the immediate dispatch to America, *in British shipping*, of all the manufactured goods possible to sell there, and to produce thereby a redundancy “ to break down all the Yankee factories.” The special message of President Madison, February 3, 1817, sets this forth : —

"The Government of Great Britain, induced by the posture of the relations with the United States which succeeded the conclusion of the recent commercial Convention, issued an order on the 17th of August, 1815, discontinuing the discriminating duties payable in British ports on American vessels and their cargoes, it was not until the 22d of December following that a corresponding discontinuance of discriminating duties on British vessels and their cargoes in American ports took effect under the authority vested in the Executive by the act of March, 1815. During the period between those two dates there was consequently a failure of reciprocity or *equality in the existing regulations* of the two countries. I recommend to the consideration of Congress the expediency of paying to the British Government the amount of the duties remitted during the period in question to citizens of the United States, subject to a deduction of the amount of whatever discriminating duties may have commenced in British ports after the signature of that Convention and been collected previous to 17th August, 1815."

*The Spirit of Sectionalism.* The debate on the non-intercourse bill continued. Mr. Cady admitted his ignorance of Mr. Clay's construction of the Convention. Mr. King indorsed it. Mr. Sheffey, of Va., thought agriculture was being forgotten. Mr. Jackson, of same State, moved to strike out the first section of the bill. He opened a rapid fire on Massachusetts for not "toeing the trig" in the late war, and for turning "their force and power against the country," etc. This motion was withdrawn at request of Mr. Forsyth, who proposed a substitute, embracing a system of discriminating duties, to supersede the clauses of prohibition and exclusion. . . . Then Mr. Jackson brought on a long debate about the comparative patriotism of Massachusetts and Virginia. He threshed over the straw of John Adams's administration, the James River Armory story, and like stuff. Next day, John Randolph, of Va., took a tilt at the old Bay State, and all her alleged faults were rudely exposed.

*Results of the London Convention.* Mr. Bradbury,<sup>1</sup> of Mass., made a lengthy speech opposing Forsyth's substitute

<sup>1</sup> Afterward senator from Maine, and only recently deceased.

— the majority of the shipping interests favoring prohibition clauses. As for the state of our navigation under the new relations established by the London Convention he referred to the petitions on the subject. Said he : —

“ It is represented in some of those petitions that foreigners are now our exporters and importers ; that instead of being *the carriers*, as heretofore, of *other nations*, we are not the carriers *even of our own produce*. That while American ships are condemned to lay at the wharves, a heavy tax to their owners, and daily going to ruin, the flag of their rivals rides triumphant in our harbors, and they are taking from our own merchants that trade which once afforded the means of their livelihood and prosperity. To the truth of the existence of such scenes and such sufferings, I can add the weight of my own testimony, from personal observations. . . .

“ While every one must be convinced of the existence of these evils, they cannot so readily respond to the inquiry, what is the remedy ? The Committee of Foreign Relations, who are charged with the subject, have submitted their plan, which is a prohibition of trade with ports and places from which United States vessels are excluded, for which I shall give my vote.” . . .

Mr. Wilde, of Ga., supported the substitute.

Speaker Henry Clay made another and a lengthy speech, showing that the measure proposed was fully in line with the President's message, already quoted, and that no difficulty need be apprehended with Great Britain, though she may not like our law.

*Importance of the Question.* “ This,” he said, “ by no means depended on the value of the trade between this country and the colonies of Britain (amounting to about \$6,000,000 of exports and imports), but the fact was, that the exclusion from a participation in that navigation *essentially affected the trade* between this country and the British European possessions, and by the operation of the system, deprived us, in a great measure, of the benefits of the Convention of commerce with Great Britain, which provided for the establishment of a perfect reciprocity of commerce between the United States and the British



European possessions. It was not necessary to trouble the committee with the details, but it must be admitted that where a British vessel could carry two cargoes, whilst the American could carry but one, the advantage must be greatly in their favor. Even if gentlemen were not disposed to do something to obtain for the navigation of the country a participation in the colonial trade, they ought to go so far as to place them on an equal footing as regarded the European trade. Some measure ought to be devised, by which the navigation of Great Britain could be prevented from enjoying peculiar advantages over us, in a trade wherein *reciprocity* had been *solemnly promised* by the Convention to which he had alluded."

No one ventured to interrupt Mr. Clay, and to inquire how it happened, that the British public and Parliament had no complaint to make of the working of the Convention? The situation to Mr. Clay must have been painful enough. He had gone as a commissioner to negotiate a Convention concerning commerce and navigation, concluded and signed it, and come home to learn how badly it would work. After two years of experience with the quicksands of "perfect reciprocity" he found these will neither bear up nor float a ship — that vessels are built and have existence in proportion as they are *employed*. The duties that they may have to pay all come out of the public whom they serve, but if they serve nobody and much time be wasted in idleness, ruination must await their owners. Mr. Clay's British adversary at the Convention table knew all these things. He would not have signed a Convention full of "Yankee" advantages. Mr. Clay did not know that "reciprocity" might be one-sided. A gentle compromiser makes a poor diplomat.

*Mr. Clay's Diplomatic Inexperience.* After explaining the difference between the pending measure and those of similar character before the war, the speaker continued: —

"Let us then inquire into the character of the evil proposed to be remedied. What is the evil? Great Britain says that the whole commerce between her colonies and the United States shall be carried on in British ships, absolutely excluding American ships from any participation in it. The most natural

course of the exchange of commodities between nations might thus be defined: That each nation should carry its own products to market; that we should carry of our produce what we do not want, but they do, to British ports; and that they should bring what they do not want, but we do, to our ports. With this course, however, Great Britain was not satisfied. The next, and perhaps the most equal and best mode of providing for the free and fair interchange of commodities, was, to open the trade equally and reciprocally to both parties, to let each carry the commodities of both countries, in a fair competition. Great Britain was not, however, disposed to do this. She not only prohibited the carriage of her colonial commodities in our vessels; not only entirely engrossed the export trade from her colonies, but refused to allow us any participation, by Conventional regulation or otherwise, in the trade to the colonies. The effect was, to deprive us of the advantages in the augmentation of our commerce, and increase of our seamen, which would result from the carriage of our own produce, to the amount of \$6,000,000 annually. With regard to the importance of encouraging our navigation, we need not resort to argument.

“Gentlemen alarmed themselves by the apprehension that the other party would view as inimical any regulations countervailing her colonial policy, and that the issue of this conflict of commercial regulations would be war. He believed in no such result. . . . The Convention of London contains *an express stipulation* on the subject; and I will observe to gentlemen that the clause which exempts the colonial trade from the second article of the Convention was introduced with *the express view* of retaining in our own hands the right to countervail the British regulation in this respect. It was so understood by the framers of that Convention. But we have later evidence — the message says, “the British Government concedes our right to countervail their regulations.” . . .

“Whatever we do, it should be with a determination to adhere firmly to it, for depend upon it, Great Britain will never likely relax her policy. This is proved by the history of the failure of all attempts to obtain a relaxation by negotiation, from the first

establishment of the Colonies to this day. Mr. Jay attempted to negotiate on the subject, but failed in his object. Messrs. Monroe and Pinckney tried; they failed, being obliged to be satisfied with the introduction into the rejected treaty, of 1806, of a clause similar to that in the late Convention, that each nation should be at liberty to regulate trade with the colonies as it pleased. I need not say that those who negotiated the present Convention of commerce had the subject anxiously at heart; that they strove all in their power to incorporate in that contract some regulation allowing participation in the colonial trade; they failed, however, as others had before them. The failure of a more recent attempt at negotiation on the subject was alluded to in the President's message which he had already quoted. The policy of Great Britain, it followed from these facts, was deeply laid *in selfish consideration* — a policy which she had never relaxed, except in periods of war when it became her interest to do so, from the commencement of her colonies to this time." . . .

Mr. Clay preferred prohibition to high duties, the former "met the British regulation by a measure of the same character, operating exactly to the same extent." . . . "On a great national question, in which the honor and character, as well as best right of the country are concerned, he should most cheerfully surrender partial interests for the general good. He said the *character* of the country — for would any gentleman say that it was to be endured, that a most important part of the carrying trade should be taken from us, and that we should tamely submit to it? It was intolerable — ought not to be endured, and would not long." . . .

*Our Feebleness in Statesmanship.* It did not occur to Mr. Clay, that when the British refused to conform their commercial system to justice, the President had no right to change our policy to please them in any respect. We set out, in 1789, with a determination to have an American marine. We hit upon measures which built it up, when, as a matter of course, Great Britain wanted those measures, and the system which they represented, *discontinued, repealed, and set aside forever*. Unless she could persuade us to do this, we were destined to be

able, one day, to contest her sovereignty of the sea. She got us, in 1815, to grant her *full port reciprocity* in non-protection, in exchange for *partial port reciprocity*. Mr. Clay signed this one-sided document, then finding its working would destroy our shipping interest and make our marine a pigmy, he led off in begging Congress to force England to modify her shipping and colonial systems. Had we conducted our business as well as England did hers, and let our ship protection *stand*, improving it as experience pointed the way, we could have disregarded the methods of any nation whose ambition was the monopoly of navigation. Then, *only subjugation by bloody warfare* could have prevented the United States from having a marine of her own for her own trade. The way to effect this now is not by continuing Conventions with Great Britain and other foreign countries, but *by acts of Congress* for the regulation of our commerce.

To return to the discussion — Mr. Robertson, of La., opposed doing anything, unless it was to increase our seamen.

Mr. Hopkinson, of Pa., thought the job too big for us. Mr. Clay had not shown that we would succeed.

Mr. Clay replied — “If the British Government did not take this course (at the instance of the British people), it would have to wink at the formation of *entrepôts*, by which the object proposed by the bill (the employ of our ships) would be substantially accomplished.” . . .

Mr. John Randolph, of Va., asked Mr. Clay, “whence came the cry for this measure? From what particular section of the country? Do you not find it in the message of Governor Smith, of Connecticut, to the Legislature; in the message of the Governor of Massachusetts; and in a certain description of prints?” . . .

Mr. Smith, of Md., argued that the measure “would certainly tend to increase seamen, and keep them in our service.”

Mr. Lowndes, of S. C., favored the passage of either bill or substitute — the prohibition or the duty.

Mr. Hopkinson conceived that “the navigation system is the *darling* of the British nation. The colonial system, in the instances referred to, had been made to yield — to what? To

the navigation system, to which commerce was made subordinate."

*The substitute was voted down — ayes 30.*

Mr. Jackson renewed his motion to strike out the first section of the bill.

Mr. Clay said: "If a majority of the committee was opposed to acting on this subject, he thought it would be better not to express that disposition in the form now proposed. A postponement of the subject might produce a different impression. It would be extremely unfortunate, if we should say at once to Great Britain, by rejection of this bill, that we mean to acquiesce in her policy in this respect."

Mr. Jackson replied that "the decision of this question would be by no means decisive in regard to the disposition of the House *to resist the British system*. It might so happen, that the bill would fail in consequence of a difference of opinion between the two systems of duties or exclusion; that a majority of the House may concur in the general sentiment in favor of some provision. If the amendment now proposed should prevail, it would be competent to the gentleman from Georgia to renew in the House his proposition, and then the whole subject might be postponed indefinitely. At the next session *it might be more deliberately taken up*, and this or some other course be pursued. As to guarding against Great Britain's understanding of our opinion on this subject, I apprehend it would be labor in vain: that she will as well understand the difficulty of our legislation in consequence of the diversity of opinion, if the bill be postponed, as if it be rejected."

Mr. Smith wished the gentleman to permit the bill to pass to the House. He would vote against striking out the first section, preferring postponement to next session.

The "non-intercourse bill" was then reported to the House, and ordered to lie on the table.

*Consideration of the "Navigation Bill" resumed.* The Committee of the Whole then resumed consideration of the "navigation bill" which had been laid over. After amendment it was reported to the House and ordered to be engrossed for third reading *without opposition*. It was passed and sent

to the Senate, where it was amended and passed with little debate. Returned to the House, amendments were concurred in promptly, and the act was approved March 1, 1817. Being one of the most important in the history of our shipping legislation we quote it in full : —

*“ A Bill Concerning the Navigation of the United States.”*

“ Be it enacted, etc., That after the thirtieth day of September next, no goods, wares, or merchandise shall be imported into the United States from any foreign port or place, except in vessels of the United States, or in such foreign vessels as truly and wholly belong to the citizens, or subjects, of that country of which the goods are the growth, production, or manufacture ; or from which such goods, wares, or merchandise can only be, or most usually are, first shipped for transportation : *Provided, nevertheless*, that this act shall not extend to the vessels of any foreign nation which has not adopted, and which shall not adopt, a similar regulation.

“ Sec. 2. That all goods, wares, or merchandise imported into the United States contrary to the true intent and meaning of this act, and the ship or vessel wherein the same shall be imported, together with her cargo, tackle, apparel, and furniture, shall be forfeited to the United States ; and such goods, wares, or merchandise, ship or vessel, and cargo, shall be liable to be seized, prosecuted, and condemned in like manner, and under the same regulations, restrictions, and provisions, as have been heretofore established for the recovery, collection, distribution, and remission of forfeitures to the United States by the several revenue laws.

“ Sec. 3. That, after the thirtieth day of September next, the bounties now allowed by law, to the owners of boats or vessels engaged in the fisheries, shall be paid only on boats or vessels, the officers and at least *three fourths* of the crews of which shall be proved to the satisfaction of the collector of the district, where such boat or vessel shall belong, to be citizens of the United States, or persons not the subjects of any foreign Prince or State.

“ Sec. 4. That no goods, wares, or merchandise shall be imported, under penalty of forfeiture thereof, from one port of the United States to another port of the United States, in a vessel belonging wholly or in part to a subject of any foreign power ; but this clause shall not be construed to prohibit the sailing of any foreign vessel from one to another port of the United States : *Provided*, no goods, wares, or merchandise, other than those imported in such vessel from some foreign port, and which shall not have been unladen, shall be carried from one port or place to another in the United States.

"Sec. 5. That, after the thirtieth day of September next, there shall be paid a duty of fifty cents per ton upon every ship or vessel of the United States, which shall be entered in a district in one State from a district in another State, except it be in an adjoining State on the seacoast, or on a navigable river or lake, and except, also, it be a coasting vessel going from Long Island, in the State of New York, to the State of Rhode Island, or from the State of Rhode Island to the said Long Island, having on board goods, wares, or merchandise taken in one State to be delivered in another State: *Provided*, that it shall not be paid on any ship or vessel having a license to trade between the different districts of the United States, or to carry on the bank or whale fisheries, more than once a year: and *Provided*, also, that if the owner of any such vessel, or his agent, shall prove, to the satisfaction of the collector, that *three fourths* at least of the crew thereof, are American *citizens*, or persons not the subjects of any foreign Prince or State, the duty to be paid in such case shall be only at the rate of *six cents* per ton; but nothing in this section shall be construed to repeal or effect any exemption from tonnage duties given by the eighth section of the act, entitled "An Act to Provide for the Establishment of Certain Districts, and therein to Amend an Act Entitled 'An Act to Regulate the Collection of Duties on Imports and Tonnage and for Other Purposes.'"

"Sec. 6. That after the thirtieth day of September next, there shall be paid upon every ship or vessel of the United States, which shall be entered in the United States from any foreign port or place, unless the officers and at least *two thirds* of the crew thereof shall be proved citizens of the United States, or persons not the subjects of any foreign Prince or State, to the satisfaction of the collector, fifty cents per ton: *Provided*, that this section shall not extend to ships or vessels of the United States, which are now on foreign voyages, or which may depart from the United States prior to the first day of May next, until after their return to some port of the United States.

"Sec. 7. That the several bounties and remissions, or rebatements of duty, allowed by this act, in the case of vessels having a certain proportion of seamen who are American citizens, or persons not the subjects of any foreign Power, shall be allowed only in the case of vessels having such proportion of American seamen during their whole voyage, unless in case of sickness, death, or desertion, or where the whole or part of the crew shall have been taken prisoners in the voyage."

*Objects of the Foregoing Act.* What were the objects of this lengthy act? The increase and protection of *employment* for

American *vessels* and American *seamen*, of American *ship-yards* and American *mechanics*. The first section is aimed at nations ambitious to carry for others, but unwilling to reciprocate. Great Britain was one of these, but there were others, including France and Spain ; and when the Convention of London should have expired in 1819, this section would affect the British. During the war of 1812 we had carried from and to different countries and their colonies, and it was believed if carrying were *free* our vessels would pick up business abroad as well as at home. It was not understood then, nor is it now as it should be, that if competition succeeds, for instance, in working American vessels into British, French, or German trade, some way is soon found to defeat competition. Every nation (but our own of late) defends its carrying trade, either by its Government, or its institutions, or through the patriotism of its merchants and underwriters. However, this regulation had a tendency to help our shipping.

Section 2 prescribes the penalties and proceedings for the violation of the act, and were severe.

Sections 3, 5, and 6 deal with *the employment of seamen*, and look to the compulsion of carrying *American crews*, for fishing, coasting, and foreign trade. While such regulations protected the employment of our sailors, they also protected shipowners and merchants, in some degree, against the piratical practices of the British navy in time of war, as giving no excuse to break up our voyages by the impressment of our seamen. An effort had been made in 1790-91 to pass such provisions.

Section 4 was intended to exclude foreign vessels from participation in our domestic trade — *coasting, lake, and river*. The operation of our discriminating tonnage-duty regulations had soon rescued domestic carrying from the aliens that were wont to engross it, but the false step made in the London Convention, and its disappointing results, admonished our statesmen that our domestic-trade shipping had better be secured — put safely out of hand of our diplomats. It is to this section of the act of 1817 that we may ascribe the survival of our flag on the vessels doing the transport of our commerce in our coasting



and inland waters. Also, that the American shipyard on lakes and coasts has remained an institution, and a source of fortune and of pride to our people. Owing to the great extent of our coasts and our lakes, and the enormous development of our interstate commerce, we have a considerable marine, saved, as it were, by this act from the destructive competition of foreign nations. And our people are prone to forget that this marine was ever in danger, or that it has been *preserved* to us by the wisdom and patriotism of the Congress of 1816-17.

Important as it is to maintain this law, our Government has shown a disposition to disregard its provisions in respect to the territory acquired from Spain. While it could, the War Department ignored them, by permitting foreign vessels to carry between the former Spanish ports and our own. Obligated to notice the fact that these ports had become American, by a decision of the U. S. Supreme Court, in a revenue case, Congress was applied to for a provision of law that should commend itself to the Secretary of War. Strangely enough, he was accommodated. The RIGHTS of our vessels are subordinated to the *privileges* of foreign vessels—until 1904. Our *trade* with the Philippines may flourish, if it can, but our TRANSPORTATION must take in sail—and drift. Can it be that we have lost the patriotism of eighty-five years ago?

## CHAPTER XIV.

### BRITISH POLICY RESISTED — NON-INTERCOURSE ACTS OF 1818-20.

*Administration of James Monroe.* With the retirement of Madison hope arose in England that American administrations favorable to the *protection* of shipping had passed away. Because Mr. Monroe had signed a treaty — that of 1806, rejected by Jefferson — containing articles favoring the British West India policy, it came to be thought that New England and her shipping interest, with her opposition to militia duty, her Hartford Convention resolutions, and petitions to amend the Constitution, might be relegated to pastoral life. But it was the South, not the North, that led in shipping legislation ; besides, no man who knew him could doubt the *Americanism* of James Monroe. We find the following paragraph in his First Annual Message to Congress, December, 1817 : —

“The proposition of this Government, to extend to the colonies of Great Britain the principles of the Convention of London, by which the commerce between the ports of the United States and the British ports in Europe had been placed on a footing of equality, has been declined by the British Government. This subject having been thus amicably discussed between the two Governments, and it appearing that the British Government is unwilling to depart from its present regulations, it remains for Congress to decide, whether they will make any other regulations, in consequence thereof, *for the protection and improvement of our navigation.*”

This must have checked the idea that was gaining ground in England.

*The Closing of our Ports.* We have seen that the Navigation Act of 1817 was brought forward and debated chiefly in

the House of Representatives. The act of 1818 was introduced and debated mostly in the Senate. It was substantially the same as the "*Non-intercourse bill*" considered in the House, but laid on the table at the previous session. We quote it here: —

*"An Act Concerning Navigation, 1818.*

"Be it enacted, etc., That from and after the thirtieth of September next, the ports of the United States shall be and remain closed against every vessel owned wholly or in part by a subject or subjects of His Britannic Majesty, coming or arriving from any port or place in a colony or territory of His Britannic Majesty that is or shall be, by the ordinary laws of navigation and trade, closed against vessels owned by citizens of the United States; and such vessel, that, in the course of the voyage, shall have touched at, or cleared out from, any port or place in a colony or territory of Great Britain, which shall or may be, by the ordinary laws of navigation and trade aforesaid, open to vessels owned by citizens of the United States, shall, nevertheless, be deemed to have come from the port or place in the colony or territory of Great Britain, closed as aforesaid against vessels owned by citizens of the United States, from which such vessel cleared out and sailed before touching at, and clearing out from, an intermediate and open port or place as aforesaid; and every such vessel, so excluded from the ports of the United States, that shall enter or attempt to enter, the same, in violation of this act, shall, with her tackle, apparel, and furniture, together with the cargo on board such vessel, be forfeited to the United States.

"SEC. 2. That from and after the aforesaid thirtieth of September next, the owner, consignee, or agent of every vessel, owned wholly or in part by a subject or subjects of His Britannic Majesty, which shall have been duly entered in any port of the United States, and on board of which shall have been there laden for exportation any article, or articles, of the growth, produce, or manufacture, of the United States, other than provisions and sea stores necessary for the voyage, shall, before such vessel shall have been cleared outward at the Custom House, give bond, in a sum double the value of such articles, with one or more sureties, to the satisfaction of the collector, that the article or articles, so laden on board such vessel for exportation, shall be landed in some port or place other than a port or place in a colony or territory of His Britannic Majesty, which, by the ordinary laws of navigation and trade, is closed against vessels owned by citizens of the United States; and any such vessel that shall sail, or attempt to sail, from

any port of the United States, without having complied with the provision aforesaid, by giving bond as aforesaid, shall, with her tackle, apparel, and furniture, together with the article or articles aforesaid, laden on board the same as aforesaid, be forfeited to the United States: Provided always, that nothing in this act contained shall be so deemed or construed, so as to violate any provision of the Convention to regulate commerce between the territories of the United States and of His Britannic Majesty signed the third day of July, 1815."

Sec. 3 describes the form of the bond and manner of executing it.

Sec. 4 prescribes how penalties shall be sued for and recovered, according to the revenue laws.

*Speech of James Barbour, of Va.* As the organ of the Committee on Foreign Relations, who reported the bill, Mr. Barbour said it was expected of him that he should state their reasons why it should become law.

"It certainly behooved the Senate to give this subject its most serious attention, and to act upon the most mature deliberation; for remember, when once adopted, it must be adhered to. To recede would be to insure an endless duration to the serious evils of which we complain; and, what is still of more consequence, it must be attended with a diminution of character. Any policy adopted by the unanimous consent of the nation, founded in justice and wisdom, and sustained by perseverance, must finally be felt and yielded to by any and every nation on which it operates.

*Our Object the Opening of British Ports.* "The object of the bill under consideration is to relieve from the effects of measures adopted by Great Britain in relation to our commercial intercourse with her North American colonies and West Indies; *measures exclusively against us*, as injurious to our navigating interest as they are offensive to our dignity. The invidious policy of which we complain, and which is attended with such unpleasant effects, may be summed up in a few words. She has shut her ports in the possessions formerly alluded to, against American vessels and American property. *Not a cock-boat, not an atom of anything that is American*, does she permit to enter, while she modestly insists to bring everything that

she pleases from these possessions to the United States, and to purchase, *and exclusively to carry* the produce and manufactures of the United States in return ; that is, she insists upon, and we have been tame enough to submit to it, *to enjoy exclusively* the whole of this valuable intercourse."

*Isolated States, mere Footballs of Great Britain.* "The evil has been of long standing ; it commenced upon our becoming an independent people. She was not generous enough to forget that we had been enemies, nor wise enough to profit by a liberal policy. She would have found in the same language, the same habits, the same feelings ; and in the kind affections inseparably attending two peoples of a common origin, except when repressed by injustice or oppression, she would have found in these circumstances sure guarantees to an uninterrupted, friendly, and, to her, highly beneficial intercourse. But other counsels prevailed, and displayed a new proof of the mortifying truth that small, indeed, is the portion of wisdom that directs the government of human affairs. Hence, the moment she acknowledged our Independence, she immediately denounced against the United States *all the rigor* of her colonial system — departing from it only in such parts as would promote her interest, and render it more injurious and humiliating to us. She superciliously rejected all offers at negotiation. The United States, without a common head, and pursuing among themselves an insulated, and frequently a selfish and unwise policy, became the *footballs* of Great Britain, who, watching, as she always does, with a sleepless eye, whatever is to affect her commerce, seized instantly upon her defenseless prey, and pushed her exclusive system to the uttermost of endurance. In this spirit, instead of being content with enforcing towards us *the real colonial system*, which was that the trade should be exclusively through and with the mother country, she permitted the produce of her dependencies to be brought directly to this country, and the produce of this country to be carried back directly to them, but both operations to be effected exclusively by British shipping, to the consequent exclusion of the American shipping from the transportation of the produce even of America. So injurious were the effects resulting from our commercial in-

tercourse, and so entirely unable were the United States to counteract these effects in their then disjointed condition, that our sanguine anticipations from the successful result of our Revolution began fast to dissipate, and no little solicitude to be experienced in regard to the future. This state of things produced a *convention of the States*, and finally resulted in our *present happy constitution*. I am authorized to say, *from the best authority*, that it is *to this cause chiefly, if not entirely*, that we are indebted for this greatest blessing of heaven. In looking through the history of mankind, and tracing the causes which contributed to the rise and downfall of nations, it frequently becomes a subject of curious speculation, when we see the most propitious results flowing from apparently injurious causes, and the worst passions of mankind converted into the means of furthering some beneficent purpose of Providence. Little did the statesman of Britain think, when indulging his thirst for cupidity or revenge, that he was to become the involuntary benefactor of America, by essentially contributing to the order of things which now exists."

*Advantages of our Closer Union.* "The new Government being organized, it turned its attention to the particular subjects intrusted to its care. Unfortunately, however, other objects, both foreign and domestic, interposed before its deliberations ripened into action. Europe was agitated by a convulsion the most important in the annals of the world, whether we regard its duration, its extent, or its effects. During this troubled state of the world, the policy now under consideration engaged the attention of Congress.<sup>1</sup> The result of the effort at that time is known to the Senate—the causes leading thereto lie out of the proper sphere of this discussion. Mr. Jay was sent to England—he negotiated a treaty—so much of it as relates to the trade in question eventuated in nothing; but such was the condition of the nations of Europe, that we enjoyed, from the necessities of England, what we had a right to expect from her justice. America became the carrier of the world, and her commerce, her shipping, and her wealth increased in the most

<sup>1</sup> Mr. Barbour refers evidently to Jefferson's report of 1793, and to the debate upon the "Madison Resolutions," 1794.

astonishing ratio, till at length America felt the effects of war, and its frequent privations. Peace was no sooner established, than Great Britain resorted to her colonial system, with all its abuse. The more intolerable, *as it is exclusively directed against us*, inasmuch as *she indulges to the vessels of other nations an intercourse withheld from us*; a course aggravated by the consideration that she *stands alone* in this policy, American vessels being admitted into the French, Spanish, Dutch, and Swedish colonies. This course so injurious to our interest, and so offensive to a just pride, claimed the immediate attention of the Government, and efforts were made to obtain redress by a treaty; the result is known."

*Madison's Leadership Acknowledged.* Mr. Barbour read so much of President Madison's message at the last session of Congress as regards this subject. "Here you perceive the door of negotiation is closed. All hope of redress in that way is desperate, and he calls upon Congress to interpose. Independently of the respect due to the recommendation of a President of the United States, there were other considerations which would give a weight to this opinion of Mr. Madison. When it is recollected that he devoted the whole of his most useful life to his country, with motives always pure, and with a judgment but little liable to err, guided as it was by a superior genius; when such a man, from the commencement of the Government down to the moment of his quitting public life, with the benefit of *thirty years'* observation and experience, invariably entertains the same opinion, and, in his last solemn appeal to the nation, strongly inculcates *the propriety of the measure under consideration*, Mr. Barbour was justifiable in saying a recommendation thus sustained would receive from the Senate a degree of consideration far beyond that arising from mere official respect. In addition to this, we have been advised by President Monroe of his fruitless attempts to procure redress by negotiation, and he also submits to Congress the propriety of interposing by regulations whose effects will produce that which he has in vain sought to obtain by negotiation.

"This question, then, solemnly addresses itself to the patriotism, to the wisdom, and to the dignity of the Senate. Will

you patiently stand by and fold your arms, while Great Britain pursues a policy towards us as unjust as it is injurious ; or will you, with becoming firmness, adopt a measure whose effect will be to retort the invidious policy on its first parent, and enable us to address her in a quarter where she is never deaf to her interest? ”

*Faith in Perfect Reciprocity.* “ Mr. Barbour said, there was a general rule in regard to intercourse with all nations he was willing to adopt, or enforce, as a fundamental principle of our policy — *perfect reciprocity*; to mete out *the same measure to each that was dispensed to us*. Who can or will object to this rule? A different one proposes an inferiority. But every American Senator would scout such an assertion. Sir, the same rules are applicable to the intercourse of nations as to that of individuals. Where is the man worthy of the name who would not indignantly reject a proposed intercourse with another on the degrading terms that he should not visit his house but under circumstances of degradation, while the other should claim access when, and how, and upon what terms he himself dictated? Nations are but aggregations of men, and Mr. Barbour could perceive no reason why they should make a surrender of that attribute, *self-respect*, so essential to the genuine dignity of man. Upon this ground alone it seemed to him Congress were bound to interpose ; but he should but feebly discharge his duty were he to leave the question here. For the sake of method and perspicuity, however, he proposed further to discuss the subject, under three heads : —

“ 1. The extensive and injurious effects of the policy complained of, as it regards our shipping interest.

“ 2. He would undertake to show that redress was attainable, and would be produced by the proposed measure.

“ 3. That entire prohibition of all intercourse was better than seeking to effect it by heavy duties.”

*No Naval Power without Protected Shipping.* “ Before he commenced the proposed investigation, he would make a preliminary remark. He took it for granted, that it was the settled policy of the nation to become a *naval power*. Perhaps there is no one question upon which there is more *unanimity*. From



one extremity of the nation to the other there is but one sentiment, but one wish, everywhere expressed, and that is, that it may go on to increase; and in fond anticipation, judging from the lustre of its achievements during the war, they see, in its increase, an increase corresponding with the resources of the nation—the guarantee of our safety and glory. But these fond hopes are illusory, unless wisdom directs our councils. Vain, foolish, your resolutions to build ships, *unless you protect your navigation*. It is not to the superior fixtures of your vessels, or the ampleness of their supplies, you are to look to *victory*, but to the number and experience of your *sailors*. If you suffer the Power who looks with jealousy on your rising commerce, and with envy on the glory of your navy, to exclude you from the participation of those advantages which *of right*, as being derived from nature, belong to you, abandon all thoughts of an efficient marine, and withdraw from the ocean. But, he would proceed to show the effects of the policy complained of. These will be classed under two heads: *first*, as it regards the tonnage employed directly between the United States and the colonies of Great Britain; and, *second*, the indirect effect on the intercourse between this country and the European possessions of Great Britain.

*Extent of the Evils of British Monopoly.* “(1) The amount of tonnage employed in this trade may be stated as equal to 138,000, round numbers. This result is arrived at by a perusal of a communication from a very intelligent citizen of the United States who resided in the West Indies, and who has been intimately acquainted with the trade for *thirty-five* years; and, further, his statement is said to be founded on an official document. He predicates his statement upon the calculation that Jamaica is equal in its trade and productions to all the W. I. possessions of Great Britain beside. From the thirtieth of September, 1803, to the thirtieth of September, 1804, 65,525 tons of shipping entered Jamaica alone from America, but Jamaica only employs half; hence, 138,000 tons may be presumed to have sailed from America to all the West Indies, to man which, taking as an estimate *five* men to a hundred tons, requires upwards of 6,000 seamen. From any participation in

this we are entirely excluded. Did this result from the superior advantages which Great Britain naturally possessed over us, or from any regulation she had adopted, founded in justice, while it might be a subject of regret, it could not be of complaint. But such is not the fact. It is by an assumption on her part, and a *tame surrender on ours*, of that which has been awarded us *by nature herself*. But the loss of tonnage, and the consequent non-employment of seamen, are not limited to the direct intercourse merely, but materially affect the navigation between the United States and the European possessions of Great Britain. This proposition will be most easily illustrated by an example: A British ship arrives in the United States *direct* from Great Britain, with a cargo, unloads in one of our ports, takes in a cargo of lumber, goes to the West Indies, delivers it, and finding freight scarce, she sails to New Orleans, procures a load of tobacco, cotton, etc., and proceeds to Great Britain: here *two or three* of the freights *belong of right* to the shipping of America, as being *the growth* of America. Yet British ships, from the policy complained of, monopolize the whole. An American vessel going from a Northern or an Eastern port with a view to take a cargo for Europe, goes in *ballast* to New Orleans. Even from the colonies in North America vessels are daily entering our ports, laden with plaster, fish, and the product of their colonies; these are *commuted* in some ports of the United States for such cargoes as are wanted in the West Indies, whither they sell or exchange their cargo, and procure a freight in the produce of the islands. Again, British ships engaged in the West India trade, frequently leave home with cargoes of little value, such as crates of earthenware, coal, salt, come to the United States, procure cargoes for the West Indies, and return home freighted with the productions of the islands; while the American trade is limited to a *direct trade only* with the possessions of Great Britain *in Europe*. THEY RETURN GENERALLY IN BALLAST.<sup>1</sup> The bulky supplies furnished by America require, perhaps, one hundred vessels for transport to Great Britain, while what they receive in return (the costly

<sup>1</sup> Especially since the Reciprocity Convention of 1815. Before that the British ship brought the *ballast*.

fabrics of British manufacture) may be brought back in some two or three.<sup>1</sup> That the result of this unequal contest should be unfavorable cannot be matter of surprise. That it has not been more so is accounted for only by the industry and enterprise of our seafaring people. Your ports and harbors, however, exhibit melancholy proofs of the decline of our shipping interest, and it is impossible to contemplate the spectacle without experiencing sincere regret, as well for the misfortune of the individuals, as for the alarming consequences *in a national point of view*; the drying up the *spring* from which flows our *maritime strength*.

*Certain Success of the Measure.* "The second point of view in which Mr. Barbour proposed to discuss this subject is redress within our hands; and is it likely to result from the proposed measure? To understand this question correctly, it will be necessary to advert to the amount of the imports from the dependencies in question, as also the exports; the constituent parts of both, and the capacity of the United States to supply herself elsewhere with those productions which from habit have become somewhat essential to comfort.

"1. As to imports: He felt it necessary to state that the facts he was about to employ had been furnished him by an honorable member of the other House (Mr. Seybert), who had extracted them from a statistical work written by himself, etc. . . . Then he gives a statement of trade, 1803 to 1812, from various colonies, islands, etc., that proves "that supplies, far beyond our wants, may be procured elsewhere (than the British islands), and the only diminution will be in the *export* (carrying) trade; the extent of which, compared to the tonnage put out of employment by the system of which we complain, is so utterly insignificant as to be undeserving of notice. In addition, it will be a sacrifice of a small portion of shipping interest of one kind to procure an infinitely greater advantage to another; of which all may participate." . . .

<sup>1</sup> It would have been better to have estimated *twenty or thirty* vessels instead of "two or three." Many dead-weight cargoes — coal, salt, iron, chains, hardware, etc. — used to come from Britain. Besides, boxes of goods required storage room below deck.

*Agriculture will help defend Commerce.* "The exports from this country to the dependencies in question may be estimated at \$6,000,000; and the question to be discussed is, what will be the influence of this measure upon the price of the article thus exported? If it be necessary to admit that Great Britain can do and will do without them, then it would be in vain to disguise the fact, that the price of these articles would diminish, and in so far the value be impaired, and by consequence, the agricultural interest injured. But if it were revealed from heaven, that this would be the consequence, still he hoped that agriculturists were prepared, when a just regard to the interests and to the character of their country required it, to make the sacrifice which the emergency called for. He would here take the liberty to state, that *he was himself a farmer*; that he derived not a cent from any other source except what he *dug from the earth*; that it had not been his fortune to amass money by embarking in any paper speculation whatever; he represented *farmers and agriculturists*; his interest was like theirs, and he, therefore, presumed he spoke their sentiments, when he proclaimed his readiness to look across *any sacrifice* of their interest, when the welfare and dignity of the whole people of the United States demanded it.

*True Patriotism exalts Public Sentiment.* "It is but due to frankness to say that they consider the sacrifice heretofore made by them, with a view to preserve our maritime rights, was but illy reciprocated by those whose more immediate interest was concerned.<sup>1</sup> He made no allusion to this subject with a view to awaken unpleasant emotions, nor to open wounds which had already bled enough: for his ardent wish was that oblivion would forever erase from our history the page which forms a record of these transactions; it was mentioned solely with a view to announce to all whom it might concern, that the same love of country, and the same sensibility *to its rights*, continued to form the public sentiment, and that they hold everything as comparatively insignificant when weighed against these high considera-

<sup>1</sup> This reference to the factiousness in the war of 1812, to the Hartford Convention and its Resolutions, and to the effort afterward to impair the Constitution by amendment, aroused no defenders in 1818.

tions. He had mentioned it also for the further object of warning those who, under the influence, real or pretended, of a jealousy that agriculture was hostile to commerce; a jealousy the less reasonable, as agriculturists had been at least as prompt to encounter sacrifices as any other portion of the community — of warning such, if at any future time a cry of that kind should be attempted, to look at the history of this measure, in which they would see a security against their sickly apprehensions. The world will see this measure originating from *no particular quarter, party, or interest* — its foundation is as broad as the empire. In discussing its probable duration, no hopes need be indulged of division. The public sentiment is as undivided as its true interests are indivisible. Shades of difference may indeed exist as to the manner or effect of interposing; but all agree as to the injustice of the policy complained of. But is it true that a sacrifice, to any extent, is to be expected? He thought not; and for himself, he claimed less credit for the amount of the sacrifice, which, as an agriculturist, he was called upon to make, than for the promptitude with which he was prepared to encounter it.

*The Question of West India Supplies.* “This, then, presents at once the fair question — can Great Britain get her supplies of bread, meat, and those things essentially connected with the prosperity, if not the existence, of the colonial possessions? The conversion of the islands from sugar-growing to breadstuff-growing plantations is thrown out of the question — the interest of Great Britain is a sufficient security that that will not be attempted. From whence, then, is she to get her supplies, if not from the United States? Her North American colonies, except Canada, are themselves importers of breadstuffs; and Canada, at least for the present, raises but little, if any, more than is necessary for her own consumption. Great Britain herself has been indebted, for several years, almost for her existence to the supplies of breadstuffs imported from this country. And with all that she could procure, famine has pressed so hard upon her subjects as to drive them into tumult and disorder. The Peninsula is also indebted to us for her support in part. France, in happier times, might possibly have an excess — in her present

calamitous condition, she, too, feeds upon the overabundant granary of America. It is therefore out of the question to say these dependencies can be supplied anywhere but from America. If this be true as to breadstuffs, it is no less so as to lumber. She may, indeed, procure some scanty supplies of this article from her North American colonies, but not sufficient to produce any sensible relief, if she be excluded from the United States."

*The Question of Supplies for British North America.* The communication before alluded to presents this subject in a strong light; therefore Mr. Barbour "would not pursue this view of it further, but content himself with referring the Senate to the document. But where can Nova Scotia and New Brunswick get the means of payment if the supplies are procurable elsewhere than in America? They have nothing but *plaster* to sell — nobody buys it but the people of the United States. That they should quarrel with us is laughable enough, if it did not betray a feeling toward us calculated to excite regret. It is readily admitted, that when a man begs bread, and you give him *a stone*, you having treated him unkindly, he may be offended; but when we have given him *bread for stone*, it is entirely inconceivable upon what principle they could have interdicted our intercourse; unless, indeed, imitating the example of their superiors, they concluded, that a people who would so far forget what was due to themselves *as to pocket one insult might another*. But, to pass on, what will probably be the result of this measure? Great Britain will either retrace her footsteps, and, taking counsel from her interest, rather than her jealousy, will put our intercourse on an equal footing, and at least find that true policy consists in an open, liberal, and friendly intercourse.

*The Entrepôt Expedient.* "Instead of compromising her honor by this course, she will excite our respect. A magnanimous nation, one who is great and powerful in her resources, can lose nothing by a just and liberal policy — or, if she fail to do this, and pursues her policy, the offspring of other days, *she* must have an *entrepôt*. But that will be to our advantage, when contrasted with her condition. The presumption is that this *entrepôt* will be in the West Indies. Her trade being confined to the islands, will expose her seamen to that destructive climate,

while ours will be relieved from its consequences by staying there but a short time, and continually returning to the United States. The present is a most fit time for the adoption of the measure. Our Convention with Great Britain will terminate on the 4th of July, 1819. Our commercial intercourse must then be established by treaty, or by mutual systems of legislative regulations. The former is greatly preferable : <sup>1</sup> because the latter is continually generating little irritations unfavorable to that peace and friendship which we wish to see forever preserved between this country and Great Britain. But if it be attempted by treaty, what reasonable hope can be indulged of any better success than heretofore, if you forbear to do anything ? Thou fool, said Hercules, help yourself, and then heaven will assist you. Let us do likewise. She can then no longer withhold from us that justice to which we are entitled, and which it is believed, has been withheld, from an anticipation, justified indeed by length of time, that we should make no effort to do ourselves justice. The result of this day, it is to be hoped, will prove, that there are extremes beyond which injustice will not be endured by an American Senate. But if you thus acquiesce in the pretensions of Great Britain, what security have you, that all the minor Powers will not attempt the same policy ? Beware of submission. With nations as with individuals, weakness and crouching rarely stay the hand of insult or injury ; it but too often provokes it. The coward not unfrequently is tempted to lay in a stock of reputation, by playing the hero on a subject unwilling to resist, or incapable. These lesser Powers, one of the smallest, begins to inculcate upon us, that we have no equivalent to offer for the West India trade.

*Now or Never to Exact our Rights.* “ It is time to take a stand. Let your demands be founded in justice. Let your purpose be firm — firm as your everlasting mountains — adopt the broad principle, to treat all nations *as they treat you*. If they talk about a want of equivalent, unroll the map of your country,

<sup>1</sup> This is not a sound conclusion. To sign a treaty is to put a stick into your rival's hand. Treaties cannot be depended on. The laws that we make, we may repeal. The “ laws of nations ” are all the treaties necessary. Naval power will cause our rights to be respected, as treaties will not do.

and expose to their astonished eyes the boundless extent from the cataract of Niagara to the mouth of the Columbia — tell them of the variety of your climate, and of the fertility of your soil — of its vast productions, so essential to their commerce and even to their existence, and, when you shall have done so, let them know, it is but the first dawnings of your future wealth and power. Let them learn that your population duplicates itself *in twenty years*; that it is animated by a spirit of enterprise, which has prompted them to leap the boundaries heretofore prescribed to the reach of the human mind, and in unexplored regions to discover new secrets in the arts and sciences; that of all this, under Providence, freedom is the creator and preserver; and that it has not entered into the mind of man to conceive the pitch of elevation to which we are destined. When you have told them this, arrogance itself must be dumb.

*Efficient Measures must be Radical.* “He would hurry across the last proposition, which is, that a direct and entire exclusion is better than a half-way system of onerous duties. The duties will either prevent the intercourse, or will not. If it prevent, it approaches, circuitously, what we propose directly. This is an open system. We tell Great Britain our intercourse in this way is forever closed. If, however, the duty system should not stop the intercourse, *the object of the bill is lost*. It is not revenue we want — of that we already have more than enough — and you tax the people wantonly. It is to do justice to our shipping, and to maintain our maritime rights, that alone will justify the measure. By stopping intercourse at once, this object is effected. By the other, you may lose, and cannot win.”

*Speech of Rufus King.* While this remarkable speech by a Virginia “farmer” seems to exhaust the subject, there was another masterly and model piece of oratory, — the cogent speech of Rufus King, of N. Y. He had been a member of the Constitutional Convention; a member of the Senate in 1789; afterward Minister to Great Britain; and aided in making some of our foreign treaties. We quote from this speech in chapter v., and present other extracts here: —

*The Rights of Nations opposed to Monopoly of Naviga-*



tion. "So long as colonies are within such limits as leave to other nations a convenient resort to foreign markets for the exchange of the goods which they have to sell, for those they want to buy, so long this system is tolerable; but if the power of a State enables it to increase the number of its colonies and dependent territories, so that it becomes the mistress of the great military and commercial stations throughout the globe, this extension of dominion and the consequent monopoly of commerce, *seem to be incompatible with, and necessarily to abridge, the equal rights of other States.*

"In the late debates in the English Parliament, the Minister in the House of Lords stated 'that instead of 17,000 men, employed abroad in 1791, 41,000 were then (1816) required, exclusive of those that were serving in France and India. That England now has 43 principal colonies, in all of which troops are necessary; that 16 of these principal colonies were acquired since 1791, and 6 of them had grown into that rank from mere colonial dependencies.' And in the House of Commons, the Minister, alluding to the acquisitions made during the war with France, said 'that England had acquired what, in former days, would have been thought romance — she had acquired *the keys of every great military station.*'"

"Thus the commercial aggrandizement of England has become such as the men who protested against monopoly, and devised the Navigation Act to break it down, could never have anticipated; and it may, ere long, *concern other nations* to inquire whether laws and principles, applicable to the narrow limits of English dominion and commerce, at the date of the Navigation Act, when colonies and commerce, and even navigation itself, were comparatively in their infancy, — laws and principles aimed against monopoly and adopted to secure to England her just share in the general commerce and navigation of the world, — *ought now to be used by England* to perpetuate in her own hands a system *equally as exclusive*, and far more comprehensive, than that which she was the chief agent to abolish.

*Our Open System of Commerce.* "Our commercial system is an open one — our ports and our commerce are free to all —

we neither possess, nor desire to possess, *colonies* ; nor do we object that others should possess them, unless thereby the general commerce of the world be so abridged that we are restrained in our intercourse with foreign commerce wanting our supplies, and furnishing in return those which we need.

*The Point of Present Objection.* " But it is not to the colonial system, but to a *new principle*, which in modern times has been incorporated with those of the Navigation Act, that we now object. According to this act no *direct trade* or intercourse can be carried on between a colony and a foreign country ; but by the ' free port bill,' passed in the present reign, the English contraband trade, which had long been pursued, in violation of Spanish laws, between English and Spanish colonies, was sanctioned and regulated by an act of Parliament ; and, since the independence of the United States, England has passed laws, opening an intercourse and trade between her West India colonies and the United States, and, excluding the shipping of the United States, has confined the same to English ships and seamen ; departing by this law not only from the principles of the Navigation Act, which she was at liberty to do, by opening a *direct intercourse* between the colonies and a foreign country, but controlling, *which she had no authority to do*, the *reciprocal rights* of the United States to employ their own vessels to carry it on. Colonies, being parts of the nation, are subject to its regulation ; but, when an intercourse and trade are opened between colonies and a foreign country, *the foreign country becomes a party*, and has a reciprocal claim to employ its own vessels *equally* in the intercourse and trade with such colony, as with any other part of the nation to which they belong. Governments owe it to the trust confided to them, carefully to watch over, and by all suitable means to promote, the general welfare ; and while on account of a small or doubtful inconvenience they will not disturb a beneficial intercourse between their people and a foreign country, they ought not to omit the interposition of their corrective authority, whenever an important public interest is invaded, or the national reputation affected. ' It is good not to try experiments in States, unless the necessity be urgent, or the utility evident ; and well

to beware that it be the reformation that draweth on the change, and not the desire of change that pretendeth the reformation.'

"In this case, the importance of the reformation is seen and acknowledged by every one, and the delay that has occurred in the making of it may call for explanation. . . .

"To the loss of profits, which would accrue from an *equal participation in this trade*, may be added the loss of an equal share of the *freights* made by the vessels engaged in it; the amount whereof must be equal to \$2,000,000 annually. Other advantages are enjoyed by England, by the possession of the exclusive navigation between the United States and her colonies, and between them and England. Freights are made by English vessels between England and the United States, between them and the English colonies, as well as between those colonies and England. English voyages are thus made on the *three sides* of the triangle, while those of the United States are confined to *one side* of it, that between the United States and England.

*Importance of our Growth and Development.* "But the money value of this great portion of our navigation, claimed and hitherto enjoyed by England, although an object that deserves a public protection, is not the most important view in which the same should be considered by the Senate. We must learn wisdom from past times; and while the experience of the father is too often lost on the son, this ought not to be the case in the affairs of nations, which, living from age to age, and profiting by long experience, should become wiser as they grow older. The present condition of nations, and especially that of the inhabitants of our own continent, merits our watchful attention, and admonishes us to cherish our national resources, and seasonably to devise, and perseveringly to build up, those establishments, that our present safety demands, and which may be commensurate with our future destiny.

*Naval Power Essential to Independence.* "Justice and moderation, which we so confidently hope may preside over and guide our public counsels, have not been found to be a sufficient armor for the defense of nations. 'Wisdom, in the ancient

mythology, was represented as *armed*, because experience had proved that good examples and noble precepts fail of their efficacy, unaccompanied by a power to enforce them.' To defend ourselves, our houses, our harbors, and our commerce, from foreign aggression and violence, *a navy is acknowledged to be necessary*. From the land side we are safe — against dangers from the ocean, a navy will prove to be our chief, our sure, and most efficient defense. Although a subject of doubt heretofore, this truth is now so well understood, and so universally admitted, that it would be to misspend the time of the Senate to enter into its development.

“An efficient navy never has existed, and cannot exist, *without* a commercial marine; and the maritime history of Europe, which abounds with instruction on this subject, demonstrates this political truth, that the *naval power* of every nation is in proportion to *its commercial shipping*. Money may build ships, but the navigation of the great ocean only can make *seamen*, and it is in connection with this view of the subject that the exclusion of our shipping and seamen from the navigation between the United States and the colonies of England derives *its chief importance*.” . . .

*History of Intercourse with England.* Senator King recounted all the facts and circumstances connected with our commerce with Great Britain after the war of the Revolution: —

“As, according to the powers of England, notwithstanding the acknowledgment of our independence, neither trade nor intercourse could be carried on between the United States and her dominions, it became necessary after the treaty of peace to pass some act whereby this intercourse might be prosecuted, a bill for this purpose was introduced into the House of Commons by the administration which concluded the treaty of peace with the United States. The general scope and provisions of the bill corresponded with the liberal principles which were manifested in the treaty of peace. They plainly show that the authors of this bill understood that the true basis of the trade and intercourse between nations is reciprocity of *BENEFIT*; a foundation on which alone the friendly intercourse between men and nations can be permanently established.

*William Pitt's Bill.* "The preamble of this bill declares 'that it was highly expedient that the intercourse between Great Britain and the United States should be established on the most enlarged principles of reciprocal *benefit* to both countries ;' and as, from the distance between them, it would be a considerable time before a treaty of commerce, placing their intercourse on a permanent foundation, could be concluded, the bill, for the purpose of a temporary regulation thereof, provided, that American vessels should be admitted into the ports of Great Britain as those of other independent States, and that their cargoes should be liable to the same duties only as the same merchandise would be subject to if the same were the property of British subjects, and imported in British vessels ; and, further, that the vessels of the United States should be admitted into the English *plantations* and *colonies* of America, with any articles the growth or manufacture of the United States, and with liberty to export from such colonies and plantations to the United States any merchandise whatsoever, subject to the same duties only as if the property of British subjects, and imported and exported in British vessels ; allowing, also, the same bounties, drawbacks, and exemptions, on goods exported from Great Britain to the United States in American vessels to the English colonies and plantations.

"The persons benefited by the English exclusive system of trade and navigation were put in motion by this bill, which they earnestly opposed, and, after a variety of discussion, it was postponed or rejected. About this period, Mr. Pitt, who had supported this bill in the House of Commons, resigned his office of Chancellor of the Exchequer. The coalition administration that succeeded introduced a new bill, which became a law, vesting in the *King* and *Council* authority to make such temporary regulations of the American navigation and trade as should be deemed expedient.

*Lord Shelburne's Policy.* "Sundry orders in Council were accordingly made, whereby a trade and intercourse in American and English vessels between the United States and Great Britain were allowed ; and with the exception of fish oil, and one or two other articles, the produce of the United States, imported

into Great Britain, was admitted freely, or subject to the duties payable on the like articles imported in English vessels from the American colonies.

“An intercourse and trade in *enumerated* articles were also opened between the United States and the English West Indies, but with a proviso (the principle whereof is still maintained against us) whereby American vessels were excluded, and the whole trade confined to English vessels.

“After a periodical renewal of these orders for several years, the regulations that they contained were adopted by and became an Act of Parliament. This Act was afterward modified, and rendered conformable to the provisions of Mr. Jay’s treaty, the commercial articles of which expired in 1803 — [1807] — not long after which date England passed a new Act of Parliament, concerning the American navigation and trade. This Act maintains the *exclusion* of American vessels from the intercourse between the United States and the English colonies, and confines the same, as former Acts and Orders in Council had done, to English vessels; it repealed the settlement of duties pursuant to Mr. Jay’s treaty; and, giving up the policy of the enlarged and liberal system of intercourse which had been proposed in Mr. Pitt’s bill, it repealed such parts of all former Acts and Orders as admitted the productions of the United States, either freely, or, on paying the same duties only as were payable on the like articles imported from the English colonies and plantations; and placed all articles, the produce of the United States, imported in American vessels, on the same footing as the like articles imported in foreign ships from other foreign countries. This new footing of our trade with England, the importance whereof is well understood by those who are engaged in supplying her market with masts, spars, timber, naval stores, and pot and pearl ashes, may be regarded as decisive evidence of a complete change of policy concerning the American trade and intercourse, which, however unsatisfactory, as respected the colonial trade, has become more so by the foregoing provision of this Act of Parliament.”

*The Principle of Reciprocal Benefits.*<sup>1</sup> “The policy that

<sup>1</sup> This is by no means the same as reciprocal regulations by Acts or Trea-

manifested itself in the treaty of our Independence, and which is seen in the bill to regulate the trade and intercourse between England and the United States, prepared by the Administration that made the treaty of peace, was to unite in a firm bond of friendship, by the establishment of trade and intercourse on the solid basis of *reciprocal benefit*, a people politically separate, living under different governments, but having a common origin, a common language, a common law, and kindred blood; circumstances so peculiar as not to be found between any other nations. Instead of this policy, one of a different sort is preferred — one that England has a right to prefer; and against the many evils of which we must protect ourselves as well as we are able to do. The intricate countervailing, and perplexing code of commercial intercourse, founded in jealousy, and the rival establishments and pursuits of the Powers of Europe bordering upon, and constantly interfering with, each other, has been adopted and applied to the United States — a people, agricultural more than manufacturing or commercial, placed in another quarter of the globe, cultivating and proposing to others an open system of trade and intercourse; and herein, as in many other important discriminations, differing from the nations of Europe, and therefore not fit subjects to which these restrictions and jealous regulations are applicable.

“Our policy is, and ever has been, a different one. We desire peace with all nations; and the wars of maritime Europe have taught us that a free system of trade and intercourse would be the best means of preserving it.

“With these principles as our guide, at the negotiation of the treaty of peace in 1783, our Ministers were authorized to conclude a treaty of commerce with England, on this basis; but no treaty was concluded. Afterwards, when a temporary trade and intercourse were opened by England, looking, as we supposed, to a treaty of commerce, Congress instructed Messrs. Adams, Franklin, and Jefferson to renew the overture of a treaty of commerce, which was done through the English Am-

ties. We have the latter, but no “benefits” accompany them: these have accrued to our rivals. Where benefits are not mutual, the policy is neither fair nor true.

bassador at Paris, in the year 1784; but no correspondent disposition being shown by England, this second overture failed.

*Cunning of the British Policy.* "The interest and prejudice of those who were benefited by the monopolies and exclusive system of England were opposed to any treaty with this country, on the principle of reciprocal advantage. The political writers of that day, under the influence of these partial views, or not sufficiently appreciating the true theory of commerce,<sup>1</sup> contended that it would be folly to enter into engagements by which England might not wish *to be bound* in future; that such engagements would be *gratuitous*; as, according to their interpretation, Congress possessed *no power*, under the Confederation, to enforce any stipulation into which they might enter; that no treaty that could be made would suit all the States; if any were necessary, they should be made with the States *separately*; but that none were necessary; and those who talked of 'liberality' and 'reciprocity' in commercial affairs were either without argument or *knowledge*; that the object of England was not *reciprocity and liberality*, but to raise *as many sailors* and *as much shipping* as possible. (Sheffield, Chalmers, and Knox.)

"This unequal footing of our foreign commerce, and the language made use of by England at this juncture, served still more to increase the public discontent; especially as it was plainly avowed that England ought to render the trade with us as *exclusively advantageous* to herself as her power would enable her to do. Congress having no such power under the Confederation to impose countervailing and other corrective regulations of trade, the States separately attempted to establish regulations on this subject. But, as a part only of the States joined in this measure, and as the laws that were passed for this purpose differed from each other, the experiment completely failed.

"In this condition of our navigation and our trade, subject

<sup>1</sup> Senator King was too charitable, or too diplomatic, in his explanation of conduct. The evidence is clear to the student of history that the British people and Government never intended that the United States should become a nation, or develop any power at sea.



to foreign restrictions, without a power at home to countervail and check the same, Congress resolved to make another effort to conclude a commercial treaty with England. For this purpose Mr. Adams, since President of the United States, was appointed, and went to England. He resided there for several years, but found and left the Government unchanged, and equally as before disinclined to make with us a treaty of commerce.

“This further disappointment, with the depreciating condition of our navigation and trade, joined to the embarrassment of the public finances, produced what no inferior pressure could have done; it produced *the General Convention* of 1787, that *formed the Constitution* of the United States.

“Had England entered into a *liberal treaty* of commerce with the United States, *this Convention would not have been assembled*. Without so intending it, the adherence of England to her unequal and exclusive system of trade and navigation gave to this country a Constitution; and the countervailing and equalizing bill now before the Senate, arising from the same cause, may assist us in establishing and extending those great branches of national wealth and power which we have such constant and urgent motives to encourage.” . . .

*The Barrenness of Treaties.* Here a single observation may be made. If England by her antagonism and churlishness gave to our country its Constitution, she also gave to us our early marine, which, but for the Constitution, had never been. With the most liberal treaty that our own people could have made, we would never had a marine to cope with the British. No treaty could do more than to put us on an equal footing at the *Custom House*. It would be *unequal everywhere else* — at the freight market, the underwriter's office, at the bank, at the office of the consignee, on 'Change, etc. Our Government had no Navy or other means of defending our maritime rights; we had no prestige on the sea, nor was our flag known by the nations of the world. We were poor as a people, had always been imposed upon; all we had ever accomplished was the nominal Independence that England meant one day to recover and redeem. After all our experience with nations, and with all our

knowledge of the forces which control the commerce of the world, we should discount immensely the faith of our fathers in treaties. To the present day we have no "liberal commercial treaty" with Great Britain, AND WE NEED NONE. All we need is our freedom to apply our Constitution to the regulation of our trade. England now has this freedom tied up — suspended, nullified. We have given this freedom into her charge. Beginning now, for *one year to come*, we have no more power to regulate our trade with respect to Great Britain than we had under the Articles of Confederation. For one of its principal objects, our boasted Constitution has suffered emasculation. It is not a certainty that our liberty will ever be regained, or that we will ever have a marine of our own again for our foreign trade — as the fruits of an early passion for the restraints of treaties. And the "treaty" that binds our hands is thus described by Senator King: "The treaty of Ghent (Dec. 1814) was followed by a *meagre Commercial Convention*, made at London, and limited, in its duration, to a few years only." Afterward he adverts to this "convention" as follows: —

"And the expectation since entertained that a *more enlarged and equal treaty* of commerce and navigation, applicable, in its provisions, to peace as well as war, might be substituted in place of the present Commercial Convention, has hitherto suspended the interference of Congress."

But the treaty so much desired was never made. Instead, the "meagre Convention" was extended, and when the West Indies were opened afterward, it was by Act of Parliament on one side, and by Act of Congress on the other.

*King's Conclusion and the Vote.* "If this bill becomes a law, it must be followed up by ulterior provisions, if requisite to give it complete effect. *Either the intercourse must be reciprocally beneficial, or it must not be suffered to exist.*"

Mr. Macon, of Ga., spoke in support of the bill; after which the question was taken on engrossment and third reading and determined in the affirmative — yeas, 32; nays, 1. The next day — April 4 — on the question, "Shall this bill pass?" the yeas were 31, and the nays, 2. The yea votes were from nine Northern and nine Southern states; the nay votes from one

Northern and one Southern state. They objected to the mode, not to the principle.

In the House, this bill was reported from the Committee of the Whole without amendment, and put on passage for third reading. Mr. Pitkin "spoke more than an hour for its support." On ordering to third reading the vote was, yeas, 123; nays, 16. It "was forthwith read a third time and passed," and became law for years afterwards. Being firmly adhered to, it accomplished its purpose.

The unanimity shown in the vote upon this bill, if it could be commanded now in support of proper means for the refloating of our flag at sea, would cause more respect for the name and fame of the United States than the world has ever yet accorded. Such a manifestation of strength as well as resolution would prove a happy augury of success.

## CHAPTER XV.

### EXTENSION OF RECIPROCITY BY ACTS AND CONVENTIONS.

*Principles of Our First Treaty of Commerce.* Our first treaty of amity and commerce was made with the United Netherlands, October 8, 1782, our Commissioner being *John Adams*. It was ratified by the Continental Congress and proclaimed January 23, 1783. It was made with the *thirteen* United States of America by name, in this respect setting a precedent, which Great Britain refused to follow. The principles of this treaty, set forth in its preamble, read thus : —

The contracting parties — “desiring to ascertain in a permanent and equitable manner, the rules to be observed relative to the *commerce* and correspondence which they intend to establish between their respective States, countries, and inhabitants, have judged that the said end cannot be better obtained than by establishing the most perfect *equality and reciprocity* for the basis of their agreements, and by avoiding all those burdensome preferences which are usually the sources of debate, embarrassment, and discontent ; by leaving also each party at liberty to make, respecting *commerce and navigation*, such *ulterior regulations* as it shall find most convenient to itself, and by founding the advantages of commerce solely upon *reciprocal utility* and the just rules of free intercourse ; reserving withal to each party the liberty of admitting at its pleasure other nations to a participation of the same advantages.”<sup>1</sup>

Respecting duties and imposts of the two nations — these were to be the same to each other as for the “most favored nation.”

<sup>1</sup> The treaty with Sweden in the following year, made by Benjamin Franklin, for the “thirteen United States of North America,” was drawn upon the same lines in respect to preamble and articles.

After the making of the first shipping reciprocity Convention — that with England in 1815 — the next nation to obtain a similar favor was the Netherlands. March 20, 1818, Congress received from the President a Message “relative to our relations with the Government of the Netherlands, with a view to the revisal and modification of the treaty existing between the two countries, adapted to their present circumstances.” This was referred to the House Committee on Ways and Means, and resulted in an Act of Congress based substantially on that of March 3, 1815, and in addition removed our discriminating duties dating from the time when the Netherlands had complied with that act. No Convention was made until 1839. Thus Holland antedates all the nations that followed Great Britain in having our discriminating duties removed.

*Improper Change of Principle.* The principle of our first treaties of commerce — to be “at liberty to make, respecting commerce and navigation, such ulterior regulations as shall be most convenient,” was now set aside, and henceforth the principle was to be the one that England had dictated — *the non-protection* of American shipping. John Adams’s treaty was good, John Quincy Adams’s convention was bad.

*Time of Reciprocity Convention extended.* This last was made clear from the negotiation of the Convention of 1818, which was one “Respecting Fisheries, Boundary and Restoration of Slaves,” our Commissioners being Albert Gallatin and Richard Rush. The sixth article of this agreement extended the time of the London Convention for ten years. Considering how unsatisfactory this agreement was, and how confidently Congress expected their last Act would result in a better one, it was extremely disappointing that our Commissioners were obliged to extend the time or obtain no settlement of certain important matters, and, as usual, our negotiators were outgeneraled or allowed themselves to be imposed upon. President Monroe and the Senate could but ratify their work.

*Extract from the President’s Message, Dec. 1819.* “At the time of the negotiation for the *renewal* of the commercial Convention, between the United States and Great Britain, a *hope* had been entertained that an article might have been

agreed upon *mutually satisfactory* to both countries, regulating, upon principles of justice and reciprocity, the commercial intercourse between the United States and the British possessions, as well in the West Indies as upon the continent of North America. The Plenipotentiaries of the two Governments not having been able to come to an agreement on this important interest, those of the United States reserved for the consideration of this Government the proposals which had been presented to them, as the *ultimate offer* on the part of the British Government, and which they were not authorized to accept. On their transmission here, they were examined with due deliberation, the result of which was a new effort to meet the views of the British Government. The Minister of the United States was instructed to make a *further proposal*, which has not been accepted. It was, however, declined in an amicable manner. I recommend to the consideration of Congress, whether further *prohibitory provisions* in the laws relating to this interest may not be expedient."

*The Supplementary Act of 1820.* In consequence of the foregoing view of the President a bill was brought into the Senate to supplement the West India Act of 1818. It provided an extension "to *all* the ports of the British West Indies, *the free ports* as well as those which had been closed." On third reading, this bill had yeas, 40; nays, 1. It passed the House, without amendment, 94 to 25. On this bill Senator Barbour, of Va., spoke as follows:—

"The course pursued in 1818<sup>1</sup> was in conformity with strong recommendations of three preceding Presidents, and was a part of that settled policy by which this country will in future be invariably governed, namely, *equality and reciprocity* among nations." . . .

The law of 1818 had been neutralized in part by British port regulations—a few were declared "free;" to these petty places American vessels could get no business, but we had to clear British vessels to them, as ours were permitted to enter if they wished. Continuing Senator Barbour said:—

*Relation of the Marine to the Navy.* "The last war gave

<sup>1</sup> See chapter xiv. for the Act of 1818.

proofs that its growth (the navy) was indissolubly connected as well with our defense as glory. All the theories, all the gloomy prophecies of its adversaries, yielded to its victories; and while disaster or disgrace overwhelmed your armies, glory perched on your naval flag, and filled the earth with its renown. The murmurs of hostility were instantly changed for hosannas of applause and all united in advocating its increase. Sir, how is that policy to be realized? Not by appropriating millions to the building of ships, but *by an active commercial marine*. To what do you owe your success in the last war — to the size, the structure, or the superior number of your vessels? No, sir, under Providence, to the hardy, brave, and experienced *sailors*, voluntarily entering your service. From whence are you to draw your future crews, if you suffer other nations to monopolize that share of maritime transportation to which you are justly entitled? Ships without *sailors* are built only for *enemies*. *Sailors without navigation cannot exist*. Guard, then, with ceaseless vigilance, this nursery of your safety and your fame. Or retrace your policy; sell your ships, before they are taken, to the highest bidder; recall the millions which have been appropriated to the increase of the Navy, but not yet expended; abandon the ocean, where, without a Navy, you can appear only to be insulted and oppressed. Is there a voice out of Congress in favor of this latter course? Great Britain sacrifices without scruple her commerce to her *navigation*. She is not scrupulous as to her means; lawful or unlawful, the end must be obtained. Will America tamely surrender, and without a struggle, those means which she lawfully may employ — and to whom? To the very Power against whom prudence and experience teach us to guard. . . . To the Navy I look, sir, as a great bond of Union. You may divide territories; you may claim a sectional share in victories by land; but a Naval victory is, from its nature, indivisible. We may be told of Bunker's Hill, or Bennington, or Saratoga, on the one hand; on the other of the Cowpens, or Guilford, or New York, or New Orleans; but a Naval victory, broad as the element on which it is achieved, diffuses equal joy and enthusiasm throughout the boundless territories of the Republic.

“ But this is not all. Look to our extensive coasts; has not

nature herself prescribed the policy we should pursue? Every moral consideration ratifies it. In this mighty shield of protection we are to find our safety. Standing armies become useless. That terrible instrument in the hands of power, by which the earth has been enslaved, will be rendered useless here; at best they can be used only for defense, while a navy asserts our rights or chastises their aggression wherever winds blow and oceans roll." . . .

*Good Effects of the Act of 1818.* "It appears, as well by documents on our table as from testimony of the heads of Departments, that, in our *direct* intercourse with Great Britain, *the American shipping* is increasing, in a most flattering ratio, *since the adoption of this policy* — a portion of which increase is fairly to be ascribed to its effects.<sup>1</sup> Formerly, the advantage of British ships over American arose from the *circuitous voyage*, of which the freight from the United States to the West Indies was a most valuable part. . . . The object of our policy is to destroy *this inequality*, and do justice to our own shipping. The effect already produced is encouraging. It will be the interest of Great Britain to negotiate on equal terms, if we have nerve enough to persevere. The hope of our giving way may induce her to make an experiment of her present system a short time longer. Our success is in our own hands. To yield is to commit our character, and to entail the yoke upon us forever. To persevere is to triumph. Between such alternatives an American Senate cannot hesitate in its choice."

*Retaliatory Tonnage Duty on French Ships.* Referring to the table of Entrances of Tonnage in chapter xii., it will be seen that French vessels made great gains after 1815, including 1816 and part of 1820. These were unfair. Soon after the restoration of royalty in France, the Assembly passed an Act — 1817 — for the practical monopoly of French commerce with the United States. Prohibitive duties were put upon our principal products, unless carried by French vessels. The ship-owners of Boston, the New York Chamber of Commerce, the captains of American vessels in the port of New Orleans, and

<sup>1</sup> See table of Entrances at American Ports, chapter xii. page 183. Note the British falling off, and American gain.



other bodies petitioned Congress on the subject. Representative Thomas Newton, of Va., in a brief speech, gave an exposition of the causes which rendered it expedient to pass the bill which he had offered on the subject : —

*Thomas Newton's Speech.* “ The documents laid before Congress showed that all attempts at negotiation had failed. The policy of the United States had been just and liberal. We had offered everything that could be offered, on terms of reciprocity, to induce France to abandon her policy, so injurious to our commercial and navigating interest. We had offered her the same terms as had been accepted by Russia, by the Netherlands, and by the Hanseatic cities ; but we had offered it in vain.

“ He was very sorry that it became his duty now to advocate a policy which was abhorrent to his mind — that of restrictions on commerce. He was happy that our Government had shown to the nations of the world the example of placing commerce on the most liberal footing ; but, as France had refused to reciprocate that liberality, it had now become our imperative duty to come back, in regard to France, to the policy which she herself pursues. In consequence of her illiberality in this respect, we are compelled to resort to the measure now under consideration. She is now in possession of a positive advantage over us, by her regulations. Will she give it up ? It has been already shown that she will not ; and she will continue to refuse to give it up until she finds that, by persisting in it, she has subjected her own commerce to inconvenience. In order, therefore, to enable the President between this time and the next session of Congress to negotiate with the French Government to some effect, it was necessary to pass this bill. There is in the bill a provision that if the French Government feels disposed to enlarge its policy in regard to us, all restrictions on her commerce in our ports will be done away and her vessels will be placed on the same footing in the ports of the United States as those of Great Britain now are. If we do not resort to this measure, the door of negotiation will remain, as it now is, shut in our face. These considerations being taken into view, he hoped the committee would see the necessity of passing this bill.”

Without further debate, the bill was passed. The Senate passed it without recorded debate.

*Title of the Bill.* "An Act to Impose a New Tonnage Duty on French Ships and Vessels."

"Be it enacted, etc., That in lieu of the tonnage duty now paid on French ships or vessels, there shall be paid a duty of *Eighteen dollars per ton*, on all French ships or vessels, which shall be entered in the United States, any act to the contrary notwithstanding: Provided, however, that nothing contained in this act shall be so construed as to prevent the extension of the provisions of the Act entitled 'An act to repeal so much of the several acts imposing duties on the tonnage of ships and vessels, and on goods, wares, and merchandise, imported into the United States, as imposes a discriminating duty on tonnage between foreign vessels and vessels of the United States and between the goods imported into the United States in foreign vessels and vessels of the United States,' to French ships and vessels, and the goods imported therein, whenever the Government of France shall accede to the provisions of the Act referred to."

Sections 2 and 3 provide for collection of the duty, and for the date of enforcement — July 1, 1820. Approved May 15, 1820.

*Origin of the Trans-Atlantic Sailing "Packets."* We have referred to the fact that the Acts of 1818 and 1820 were quite protective to American shipping, while to the British, and afterward to the French, they were injurious, as appears by the table of port entrances. For the nonce we were resting from "reciprocity." Considerable protection against England yet remained, while our law would soon become operative on France. Our merchants used mostly carriers of their own, and these with their crews had neither equals nor superiors afloat. Nevertheless, the removal of the *ten per cent.* discrimination in duties on imports by American bottoms was severely felt, since it gave freights to foreign shipping, and compelled our vessels to return in *ballast*. Hitherto our trade to England had been mainly to London. From that port British vessels naturally commanded the freights for America. However, the new difficulty could be partially overcome by a change of ports and of return traffic. Immigration from the British Islands, particularly Ireland, was fairly under way. The best port for this

was Liverpool, then ambitious of rivaling London. Some of our enterprising shipowners conceived the idea of adapting their vessels for the passenger trade and bringing immigrants in place of ballast. The famous Black Ball line of sailing "packet-ships," between New York and Liverpool, started in 1816. In 1817 our statistics show a corresponding gain in tonnage and carriage. For thirty years following, our merchants engaged in forming and running different packet lines of large, speedy, and superior ships. These lines ran between some of our larger ports and the principal ports of Europe, their sustaining traffic being immigrant passenger. Their services contributed very much to the counteraction of the bad effects of our "reciprocity" Acts and Conventions. To oppose this trade, the British subsidized postal steam passenger lines; and the war for the preservation of the Union, *with the lack of ship-protection of any kind*, broke up and swept away all our world-renowned sailing packets, and substituted British steamers, British merchants, British builders and underwriters for Americans.

*Pioneering in Ocean Steam Navigation.* The story of the first effort to evolve the Ocean Steamer is a cheerless one. Certain citizens of New York built a ship designed for a sailing packet, and when almost completed, she was purchased by parties belonging in Savannah, Ga., with the object of fitting her out with machinery for steam navigation. She was named "Savannah," was of 350 tons, with engines of 90 horse-power, applied to removable side-wheels. She had three masts, with spars and sails, which were used exclusively in heavy weather. She sailed first to Savannah, and thence crossed the ocean to Liverpool in May and June, making the passage in 22 days, 14 of these under steam, in the year 1819. She extended her trip to St. Petersburg and thence via Copenhagen to Savannah, arriving in November. Afterward she ran between Savannah and New York.

At the time the Savannah crossed the ocean, the British had sent no steamer to sea, but that year they put on a line between Holyhead and Dublin. We were therefore first; and had our Government been wide awake, we might have kept the lead and gained a new advantage.

*The "Ocean Steamship Company."* Early in the year 1820 — after the "Savannah" had returned from Europe — Senator Sanford, of New York, "presented the memorial of the 'Ocean Steamship Co.,' of the city of New York, praying that a law be passed authorizing the issuing of registers for their steam vessels to the memorialists in their *corporate* name, and authorizing the President of the United States to issue commissions to the persons commanding the same, or in any other mode to invest them with the character of *Public vessels*; and also allowing the usual *drawback* on all foreign coals and sea stores actually consumed and to be consumed on board the said "steam packets," under certain restrictions and regulations; and also directing the Postmaster General to *contract* with them for the transportation of the *public foreign mails*; and the memorial was read and referred to the "Committee on Commerce and Manufactures" (of which Senator Sanford was Chairman).

A bill entitled "An Act to Grant Certain Privileges to The Ocean Steamship Co.," drawn on the lines of the above memorial, passed the Senate, went to the House, was read the third time and recommitted, that Mr. Smith, of Md., might leisurely examine it. McLean, of Kentucky, who moved the recommitment, and Foot, of Connecticut, opposed its passage — Gross, of N. Y., and Newton, of Va., favored. Mr. Street, of N. J., moved to discharge the Committee of the Whole from further consideration. This prevailed. Thus, the same Congress whose action was eloquent in dealing with the impositions of England and France, in its ignorance and prejudice, turned its back on American Steam Navigation and served the cause of British advancement. It was a great misfortune. *Twenty-five years* after this, Thomas Butler King, of Ga., introduced and got through Congress our first "subsidy" bill for the creation of lines of "Mail and Naval Steamers" — after England had had several years' start.

*The French Government makes Terms.* No time was lost by France in seeking a restoration of her suspended trade. In his Message of Nov. 14, 1820, the President said: —

"An attempt has been made with the Government of

France, to regulate by treaty the commerce between the two countries on the principle of reciprocity and equality. By the last communication from the Minister Plenipotentiary of the United States at Paris, we learn that the negotiation had been commenced there; but, serious difficulties having occurred, the Government had resolved to transfer it to the United States, for which purpose the Minister Plenipotentiary of France had been ordered to repair to this city. . . . It is submitted to Congress to decide, until such arrangement is made, how far it may be proper, on the principle of the act of the last session, which augmented the tonnage duty on French vessels, to adopt other measures for carrying more completely into effect the policy of that act."

The response to this was the Act of March 3, 1821, which extended the time to September 30th for the Act of May 15, 1820, to take effect; and provided that in the event of making a Convention, the President might, by Proclamation, suspend the act of May until the end of the next session of Congress.

Much time was wasted by the French Plenipotentiary in presenting and discussing treaty matters of 1803, but at last a simple Convention was agreed to, which is thus mentioned in the Message of Dec. 3, 1822:—

"On the 24th of June last, a Convention of Navigation and Commerce was concluded, in this city, between the United States and France, by Ministers duly authorized for the purpose."

Accordingly, the Act of 1820 against the French was suspended by a proclamation. This Convention was duly ratified, and is in force at the present time. It differs from other agreements for reciprocity in this: a maximum of extra duties, equal in amount, were agreed upon for both parties, which, at the end of two years, were to be diminished by one fourth, and so from year to year. The Convention took effect the first of October, 1822. It may be "renounced" on six months' notice by either party. In 1875, without giving any notice, the French Government attempted to enforce a return to discriminating duties to stay the decline of the French marine. Our Government immediately objected. It could object only to the lack of notice. The French resorted to *bounties* on building and running vessels,

but not a word of objection has been made to that, nor can there be, with propriety, every nation having a right to its own way of industrial defense. Discriminating duties might have damaged us less than the bounties.

*British Persistency matched at last.* While the French met our countervailing legislation squarely and negotiated fairly, the British resorted to avoidance, and to the use of influence on Congress. They hoped to succeed in the repeal of the Acts of 1818 and 1820, by opposing the North to the South, on the ground that commerce had its source principally in the South, while Navigation developed in the North. But the main dependence was in a free-port system. Quebec, St. Andrews and St. John, Halifax and the ports of Bermuda, were opened to American vessels, and through these ports most of our commerce with the British West Indies was being conducted when the Act of 1820 stopped traffic until all the closed ports should be opened. While England never supposed we would shut our ports, as a means to compel the opening of hers, she rested in the belief that this "free-port" plan would completely neutralize any measure we might enact. Apropos to this, the President said in his Message of 1820:—

"The commercial relations between the United States and the British colonies in the West Indies, and on the continent, have undergone no change; the British Government still preferring to leave that commerce under the restriction heretofore imposed on it, on each side. It is satisfactory to recollect that the restraints resorted to by the United States were defensive only, intended to prevent a monopoly under British regulations, in favor of Great Britain." . . .

*Memorials and Remonstrances.* The Act of 1820 was not long in effect before the British Colonies began, through their legislatures, to petition Parliament for relief. The Assembly of the island of Grenada declared that the people were "now reduced to a state of the greatest distress." First cause, "almost total interruption of our commerce with the United States," a good market for rum, etc.; second cause, "low prices in markets to which we have access," etc.

On our side, in March, 1822, a memorial from South Caro-

lina and one from the Chamber of Commerce of Baltimore were presented in the Senate, praying a repeal of the restrictions on trade with the West Indies, etc. These were referred to the Senate Committee on Foreign Relations, Rufus King, of N. Y., Chairman, who reported in vindication of our policy, and offered a resolution which passed to discharge the Committee from its further consideration. The following paragraph is from Senator King's report: —

“ Navigation and maritime industry, for a peculiar reason, call for *national protection*, for the art of *navigation is an expedient of war*, as well as of commerce ; and in this respect *differs from every other branch of industry*. Though it was once doubted, *doubt no longer exists*, that a navy is the *best defense* of the United States, and this maxim is not more true than that a *naval power* never has existed, and *can never exist, without a commercial marine*, hence the policy of encouraging and *protecting the ships and seamen* of the United States.”

*Public Meetings favoring Persistency.* January 28, 1822, the shipping people in Boston held a meeting and passed resolutions sustaining the Government. The fifth reads thus : “ That to repeal the navigation acts, except so far as to make them reciprocal with such nations as may repeal theirs with regard to the United States, would be destructive of the carrying trade, and highly prejudicial to the best interests of the whole community ; that it would be surrendering the regulation of our commerce and navigation, one of the principal objects of the formation of this Union, into the hands of *foreign Governments*, whose interest it is to destroy the latter and regulate the former to suit their own interests ; to secure to themselves *the whole carrying trade* ; consequently, to augment their naval and political power, and thus to enable them to control our exports, to influence our negotiations with other nations, and, finally, to render the United States of no more consequence than China and Japan.”

The Memorial contains this statement : “ The navigation of this country lies under a disadvantage in comparison with that of foreigners, owing to the *higher price of labor*, and of most, if not all, *of the materials* used in building and equipping vessels, with the single exception of lumber.”

Portsmouth, N. H., also sent the House a Memorial with these Resolutions : —

1. "That we have witnessed with entire approbation the measures pursued by the Government of the United States, *especially in the years 1818 and 1820*, for the regulation of our commerce with foreign nations.

2. "That in our opinion the navigation acts of the United States have been *highly favorable* to our merchants, shipowners, and mariners, by increasing the amount of *American tonnage*, and favoring the *employment* of American seamen.

3. "That the repeal of the navigation acts at the present time would be highly injurious to the commerce of the United States, as it would place the vessels of foreign nations in a more favorable situation for commercial enterprises than those of our own, and would thus transfer the whole carrying trade to foreign nations without any *reciprocal concessions* on their part."

*Our Experience in Fostering Shipping.* Mr. Newton, of Va., Chairman of the Committee on Commerce, reported on these Resolutions. Reviewing our policy as to commercial intercourse from the beginning, among other points he made the following : —

"From 1783 to 1789, without national regulation of trade as a defense against foreign impositions, was a period when the state of our affairs caused the deepest concern, imports greatly exceeded exports, and distress spread over the land. Our navigation seemed doomed to utter decay. From 1789 to the declaration of war, 1812, a wonderful recovery of fortune supervened, industries took root, and enterprise fully employed labor." (In regard to navigation, he quoted Pitkin on the effect of discrimination duties, which were magical for our flag at sea — everywhere.) "The warring state of Europe helped somewhat, but before the declaration of war by the British against the French, in 1793, a most favorable test of our ship encouragement had been made. After hostilities began our losses in shipping soon became ruinous. From the 6th of November, 1793, to the 28th of March, 1794, there were seized or detained in British ports, according to a statement made in Parliament, the astonishing number of *six hundred vessels*. Afterward our losses in vessels were as follows : —



" Captures by the British, 1803 to 1812 . . . .	917 vessels.
" by the French, 1803 to 1812 . . . .	558 "
" by the Neapolitans, 1803 to 1812 . . .	47 "
" pending in Danish courts . . . . .	70 "
Total . . . . .	1592 <sup>1</sup>

" The above account presents a view of the distressed condition of our foreign commerce when we were said to be *at peace* — NEUTRAL — with all nations. The sum recovered for losses in 1793–94 fell far short of an equivalent. No compensation for captures of vessels with cargoes from 1803 to 1812 was ever made."

" Third period — the causes of the war were many; the principal were the impressment of our seamen, and the wanton destruction of our commerce. As a young nation, Great Britain determined *to prevent our growth* openly and insidiously. . . . This war opened an era which raised and gave *reputation* to the arm destined *to protect* its rights; and that arm will be able to *protect its rights, if the navigation of the United States*, the nursery of its strength and efficiency, *shall not be sacrificed by a vacillating policy.*"

" Since the close of the war is the only period since 1789, with the exception of fourteen months of the peace of Amiens, that the nations of Europe have stood in the relations of peace and amity to each other — too small a portion of time to deduce what may be the extent and value of our foreign commerce."

*A New Order of Things.* " A new spirit of industry and enterprise has arisen. Great Britain is looking on this eventful period with no little solicitude; restrictions imposed by her monopolizing policy are so effectually retorted as to inspire more liberal notions. A disposition is manifested by her to meet other nations on the ground of reciprocity, and trust her success in commerce to free and open competition. To accelerate this happy change, to realize it, the measures which have wrought that disposition should not be inconsiderately abandoned." . . .

<sup>1</sup> For the grand total, the 600 captures prior to 1794 should be included. The same would be 2192 vessels — the British spoliation, 1517 in all.

“ Could the policy which the British Government has been steadily pursuing be matured and carried into operation, from the apathy of nations to their own interests, it would give her the ascendancy over every nation in every market of the world. The resources of every nation would be converted into the means of holding it in vassalage. . . . If Great Britain could acquire such advantages in *fair competition*, the American Government would have no cause to complain ; but to suffer her to acquire those advantages by her cupidity, and from her restrictive system on American navigation, would be on the part of this Government a dereliction of every principle of sound policy, and a palpable disregard of the interests of the American people.”

*Our Early Credulity.* It is singular, that any of our early statesmen could believe that all that was necessary to secure “ fair competition ” and England’s desistance from striving unfairly for commercial ascendancy was merely to get her Government to enter into an *agreement* to practice reciprocation of non-protection and non-regulation — of commerce. When did an agreement, with its seal, ever make an honest man ? We shall see farther on how the British took off her *ship protection* — made by Parliament — and substituted for it the equally efficient armor supplied by Lloyds, and other institutions.

*The British Government relaxes.* It was the belief of Madison, in 1794, that a persistent course of trade regulation would bring England to terms. She had fallen foul of France to preserve monarchy ; her military needs would become pressing and must be supplied. We did not act then, but when another occasion presented itself our action succeeded. President Monroe, in his Message of 1822, announced : —

“ Since your last session, the prohibition which has been imposed on the commerce between the United States and the British colonies, in the West Indies and on this continent, has been removed. Satisfactory evidence having been adduced that the ports of those colonies had been opened to the vessels of the United States by an Act of the British Parliament, bearing date on the 24th of June last, on the *conditions specified* therein. I deemed it proper, in compliance with the Act of the

last session (May 6), to declare by Proclamation bearing date of 24th of August last, that the ports of the United States should thenceforward, and until the end of the next session of Congress, be open to the vessels of Great Britain employed in that trade, under the limitation specified."

Senator Johnson, of La., Chairman of Committee on Commerce in 1827, stated the matter thus:—

"In 1822, England partially opened her ports to us. She selected a few articles of primary necessity, which we were permitted to carry to her—flour, biscuit, rice, live stock, and lumber, upon which to impose a duty of *twenty* per cent. on the price in our market; and this trade was limited to a *direct* trade. In consideration of this restricted traffic, our ports were opened to a *direct* intercourse with her colonies, for *all their productions*. But although she was careful to limit us to a direct trade, she immediately demanded *not to be herself* limited to it. Reciprocity was *our* only object. We intended to yield nothing. Britain demanded, also, that the existing discriminating duty be removed from their vessels (coming from the colonies), although by their act no discriminating duties or charges were removed, nor any evidence furnished that none existed [there]; the British Minister was unwilling to give assurances on the subject. But the President not having power to repeal an existing law, unless they had furnished the evidence that no higher duties or charges existed in the colonial ports on American vessels and merchandise than on their own, a communication was immediately made to the British Minister, whose reply afforded rather scant satisfaction. . . . Our Act of 1823 was passed with great unanimity. That law gave the President power to remove the discriminating duty on condition, in effect, that no higher duties were imposed on our articles than those coming from any other place. Here the ground was directly taken by the American Government, "all the branches concurring," that our discriminating duty was only a fair *equivalent* for the limited trade which she gave us, in a few articles, burdened with a heavy duty."

*Our Act of 1823, Responsive to British Act of 1822.* This bill, drawn by the Administration, considered by the Senate

Committee on Foreign Relations, reported by Mr. Barbour, of Va., "To regulate the commercial intercourse between the United States and certain British colonial ports," — provided as follows : —

Section 1. That from and after March 3, 1824, the first, second, and third sections of the Act of April, 1818, and also that of May 15, 1820, shall be *suspended* for and during the continuance of this Act, etc., as to intercourse between our own and certain enumerated British colonial ports. Sec. 2. That our ports shall be open to any British vessel coming *directly* from any British colonial port, and navigated by a master and three fourths of crew British subjects, with imports of the growth, produce, or manufacture of any of said colonies, like imports not being prohibited from elsewhere, and which may be exported from any of said enumerated ports, *on equal terms* in our vessels. Sec. 3. On proof given the President that the vessels of both parties are upon *equal footing as to flag*, he shall issue a Proclamation, etc. Sec. 4. British vessels must bring only *British* goods. Sec. 5. It shall be lawful to export to said ports our own goods, but if exported in British vessels bonds shall be given to land them where cleared for. Sec. 6. This Act, unless repealed, altered, or amended by Congress, shall continue in force so long as enumerated British ports shall be open to our vessels under British Act of 24th of June last. But if at any time a British Act, or order, shall close any of said ports, then the President shall make Proclamation of the fact, whereupon each and every provision of this Act shall cease to operate. Any British ports opened to our vessels by future Act or order to be classed with the enumerated.

*British Objections.* The British deemed it *their* business to regulate the trade between the colonies and the "States;" they did not take kindly to our Act of 1823. They felt it necessary to pass later regulations containing new provisions, particularly as our own Treasury Department had issued a circular to collectors (September 24) directing that alien duties and light money, of 94 cents per ton, be charged to British vessels; and that the discriminating duty, of ten per cent. *extra*, on merchandise imported, be also levied and collected. This was done to even up conditions of trade, the British act having admitted British and Canadian flour *free*, but burdened American flour with \$1.05 per bbl. duty. Our Act of 1823 provided for *equal terms* in import duties — no country or colony to be

favoured — no flag preferred, and the trade to be direct, but no Proclamation to put the law in force could be issued while the British Act stood unchanged. A Treasury circular of 25th August, 1823, confirmed the alien duties. Meanwhile an open trade continued under the Proclamation of August, 1822, notwithstanding that we had not fully accepted the British Act of 1822, and they had rejected our Act of 1823, and had retaliated our discriminating tonnage and impost duties.

At this stage, Mr. Rush was charged with a negotiation in 1824, under instructions conforming to our Act of 1823. The British negotiator proposed different grounds of action, pretending that our Act of 1823 contained principles which could not be sanctioned. Mr. Rush was not at liberty to consider new propositions, so his mission failed. Mr. King was then sent as Minister to England, but was delayed by sickness, and meantime Parliament passed another act containing new terms — the Act of July 5, 1825, or “Huskisson’s Act.” Its meaning in certain parts was not clear to the Administration, and Mr. Gallatin was sent to get explanations, but Mr. Canning refused “any renewed negotiations.” Mr. Silsbee, of Mass., thus summed up its provisions: —

“If we would allow the vessels of Great Britain to come to our ports *from every quarter of the globe*, and to import the goods, wares, and merchandise *of every part*, then, forsooth, they would allow us to go, from this country, with certain enumerated articles of our produce, *direct* to the colonies, and from thence to any foreign country, except the dominions of Great Britain, and thence back to the United States. For this prescribed route to us, we were to admit the vessels of Great Britain, and of its possessions, coming from, and laden with *any and every article of the produce or manufacture of any part of the globe*, into our ports, on “the footing of the most favored nation.”

This new proposition was a fresh dictation. Only a few colonial ports were opened; no discriminating duties were to exist; the act to take effect January 1, 1826; if we did not accept it, the open ports would be reclosed. And that was the result, accomplished by an order in Council, July 27, taking effect, December 1, 1826.

Remarking upon this movement, which to our Government seemed summary, in his Annual Message of December 4, 1827, the President said: "But be the motive for the interdiction what it may, the British Government have manifested no disposition, either by negotiation or by corresponding legislative enactments, to recede from it, and we have been given distinctly to understand that neither of the bills which were under the consideration of Congress at their last session would have been deemed sufficient in their concessions to have been rewarded by any relaxation from the British interdict." He then refers to his Proclamation of March 17, 1827, under which the laws of 1818 and 1820 were again in full force through the provisions of the sixth section of the Act of 1823, upon and from December 1, 1826. Manifestly it was a mistake to have opened our ports at all until the two Governments had agreed. The British left open the North American ports, as they meant, if possible, to build up the Provinces at the expense of the "States."

*How Fortune favored the British.* Our country was not wanting in co-workers with the British Ministry. Such was Samuel Smith, of Md., a shipper of Baltimore, who was ever ready to insist that we accept the acts of Parliament. For instance, in 1826, he presented to the Senate a memorial from the Chamber of Commerce of Baltimore, praying a repeal of all restrictions on British colonial trade. It had been reported adversely, nevertheless the Senator had sufficient influence to get it out of hand of the Commerce Committee, and referred to the Finance Committee, of which he *himself* was the chairman. However, his bill for repeal of our Acts of 1818 and 1820, and acceptance of the British Act of 1825, miscarried at an early stage. Senator Johnson, of La., said of Mr. Smith in a speech, 1827, "His mind is not trammelled by professional learning. He marches boldly up to the question, assumes his premises, and jumps to his conclusions. The labor of research, and the patience of investigation, are equally unnecessary and unknown to him." Yet, to Mr. Smith we are indebted, originally and principally, for the withdrawal of the early encouragement given to our navigation. The British desired this; therefore, in his opinion, our system was wrong; our navigation should float on

its own bottom or sink, therefore, no help should be given to it. Adam Smith, the Scotch savant, commended the navigation laws of his country, because they secured its independence and its power, but Samuel Smith, the American politician, would commit the independence and the power of *his* country to chance, and to the mercy of its cunning enemy.

Here we may suspend the story of legislative effort for reciprocal benefits in colonial intercourse, and tell how "reciprocity" occupied Congress and the Executive in the mean time. With the British Government, this matter seemed to have the fascination of a game — any plays good that were likely to beat the "Yankees."

## CHAPTER XVI.

### THE SECOND, THIRD, AND LAST ACTS OF RECIPROCITY.

*Continuance of the Reciprocity Policy.* The first reciprocity act of 1815, authorizing the Convention of London, was *repealed* by an act of March 3, 1819, to take effect January 1, 1824, after which date no conventions were to be made, and our early policy, on the termination of existing Conventions, was to be reinstated. Only a few nations had made Conventions and their terms would soon end. This step towards independence of England was taken by the same Congress that passed the Act of 1818, closing our ports to vessels coming from ports that were closed to ours. *No debate is recorded.* A few months before this act the London Convention had been extended for *ten* years, without change or amendment as to colonial trade. This was unexpected and displeasing. It had been hoped that what had been refused to us in 1815 would be granted in 1819. The British took time by the forelock. A convention respecting the *fisheries* was under consideration in London, and it occurred to our wide-awake rival to insist on extension of term of the reciprocity agreement. As usual, our Commissioners yielded. The repealing act was a strong rebuke.

In his annual message following, the President referred to the disappointment of the country in consequence of this sharp turn of diplomacy. So there is good reason to believe that our Government had wearied of British obstinacy, and intended to wind up our unsatisfactory experiment, in obligating ourselves to cease the regulation of commerce for the protection of navigation. But Senator Smith, of Md., who had advocated the repeal of our discriminating duties for more than twenty years, was alert for an occasion to revive his "reciprocity" hobby.



*Unwise Revival of First Act.* In the Annual Message of 1823 there was nothing whatever on the subject of navigation. Presumably, no reason existed for its mention. However, Senator Smith thought differently. December 29, 1823, he got leave to bring in a bill *to revive and to continue in force* certain acts relative to discriminating duties on imports and tonnage. It was referred to his own Committee — Finance.

In explaining the purpose of the bill, he had nothing but praise for the early operation of discriminating duties — they had built up our marine speedily. But, he contended, when other nations began to adopt this expedient, and whenever peace prevailed, we lost our advantage. He knew right well, of course, that our duties were intended to countervail, and to compensate, inequality of footing. They might be insufficient at times, but the remedy was *increase*, not repeal. The principle of our early law was sound; its faults if any were due to misapplication or shortcoming. Mr. Smith's logic was peculiar. For instance, speaking of the operation of the "Jay Treaty," in which we agreed that England might countervail our duties, but if she did, that we should not increase ours to meet hers, he argued, that "it showed us that British ships would get all the employment, while we retained our discriminative law." This was contradicted by his correct opening statement, that our discriminations "acted like magic" to secure our vessels employment. He then misstates fact: . . . "They (British ships) could carry goods the whole amount of freight cheaper than our vessels." If this were true, why did the British need to countervail our duties? If they did not need to, why did they? And how could we expect to compete successfully with duties off on both sides? Before our duties were put on, 1789, our carrying trade was in decay. England had no discriminating duties then. Our duties, when adopted rebuilt our fleets, and immensely augmented our carrying power. In 1793, England warred with France; we were neutral. By violating neutral rights, there was a chance to minimize our carrying power, or to run our flag off the sea. Great Britain availed herself of the opportunity. In less than five months she seized or detained *six hundred* of our vessels. So we made the "Jay

Treaty" — to stay on land more, on the sea less. Mr. Smith, unfortunately, had a private interest that unfitted him for public duty where shipping was concerned. His business interests, those of an export merchant, inclined him to court foreign favor, and must be protected whether the *marine* of the country, with all its usefulness, advantage, and importance, survived or perished.

On motion, the bill was postponed. On being taken up again, without a discussion of its merits, it was passed.

*Provisions of the Bill of 1824.* The first, second, and third sections relate to the Netherlands, Prussia, Hamburg, Lubeck, Bremen, Oldenburg, Norway, Sardinia, and Russia by name. Provisions are for the reciprocal *suspension* of discriminative duties of tonnage, or impost on the produce or manufactures of said nations, if imported in vessels truly and wholly belonging to them. These suspensions to continue as long as the ships and cargoes of the United States shall be exempt from like discriminative duties in ports of said nations. Section four applies to *any* country — it follows : —

"That upon satisfactory evidence being given to the President of the United States, by the government of *any* foreign nation, that no discriminating duties of tonnage or impost are imposed or levied within the ports of the said nation upon vessels belonging to citizens of the United States, or upon merchandise, the produce or manufacture thereof, imported in the same, the President is hereby authorized to issue his proclamation, declaring that the foreign discriminating duties of tonnage and impost within the United States, are, and shall be suspended and discontinued, so far as respects the vessels of the said nation, and the merchandise of its produce or manufacture imported into the United States in the same; the said suspension to take effect from the time of such notification being given to the President of the United States, and to continue so long as the reciprocal exemption of vessels belonging to citizens of the United States and merchandise as aforesaid, thereon laden, shall be continued and no longer."

Several of the immediate beneficiaries of this act, all small shipowning countries but Russia, did not enter into conventions for several years. Our great country with its numerous ports was thus opened for *freights* to a group of little shipowning countries thickly inhabited situated at the mouth of the rivers

coming from interior countries also thickly populated. The essence of the business was to tempt these countries to admit our *products*, particularly *tobacco*, at as liberal duties as possible, in return for the admission of their *vessels* on the same terms as our own into our many ports. *This course might reduce freights.* If it killed our marine, no matter. It is a century now since this sacrifice of American shipping was first devised *in special export interests*; and our situation to-day has resulted, in great measure, from the studies, the tactics, and the principles of enterprising people bound to accumulate fortunes in foreign trade, indifferent to questions of state, attentive only to market reports, and the capture of the current coin.

*An Olive Branch for England.* We have said that England refused to accept our Act of 1823 as a solution of the question of colonial intercourse, and that she responded through her Act of 1825, in which a new proposition was offered in the nature of an ultimatum. We did not accept the Act of 1825, and, in 1826, the British reclosed the ports which they had opened in 1822, except those in the provinces. The new proposition of 1825 had been first presented to our Government by Norway in 1822. That country passed an ordinance to admit our vessels with cargoes from *any part of the world*, free of discriminating duties, if we would reciprocate. A special message of the President, May 1, 1822, laid this proposition before Congress. The result was a proclamation, August 21st, declaring the vessels of Norway entitled to the advantages of the Act of 1815, — also to those of the Act of 1817, — it having been determined, presumably, not to adopt the enlargement of policy suggested. This was the policy that the British Ministry had concluded to insist upon — as good for British commerce, as for Norwegian.

In 1825, some months before the British Act, John Quincy Adams, who had been Mr. Monroe's Secretary of State, became President. The West India matter was an inherited difficulty. Mr. Adams was ambitious of settling it. He had been a politician or diplomat all his life — Minister to England and other countries, leading Commissioner in negotiating the Treaty of Ghent, and in making the reciprocity Convention of 1815. He

was a believer in the *non-protection* of American *shipping*, though the high protection of manufactures claimed his *devotion*. If Congress could put an olive branch in his hand, he thought, — some new sacrifice of navigation that he could lay on the altar in Downing Street, — he might get the West Indies opened. He knew that the British Act of 1825 required permission for British vessels to enter our ports from those of every country on the globe, with cargoes of merchandise, the fruits of the industry of every people on earth. He knew that “reciprocity” with the “States” was a British scheme, and that England, in 1824, had passed acts looking to reciprocity with Prussia and other countries of Northern Europe. He would make a virtue of necessity. We had for years, in common with most shipping nations, *reserved* the *indirect* commerce and navigation for our own people and vessels. This reservation was perfect protection against foreign competition in our intercourse with many countries and communities of the world, particularly in export trade. For instance, when we opened the trade with China in 1785, only Chinese vessels, or our own could take part in it. China having no ships, the trade and transportation belonged to us. The British proposition was, that we permit *their* vessels to compete for freights from all non-British countries to our own, and from our country to all in the world. In effect, to stake the existence of our navigation on the success of its bare competition. We were not obliged to, therefore why should we? The principle of every nation carrying its own merchandise to market, or of every nation sending for what it wanted, by its own ships, so eminently proper, would never have permitted Great Britain to acquire her present supremacy in navigation. Minister Huskisson saw this, but it is probable that Mr. Adams did not look so far ahead, for he saw nothing of loss to his country in letting down the bars to the British, to both fetch and carry for every community on earth, in American commerce. England, certainly, would be pleased to accept the contemplated offering — her own proposition of 1825 — accordingly, he suggested it to Congress on grounds of friendship, *liberality*, and philosophy, and it passed into history as the *fixed American Policy*!

*Extract from the Annual Message of 1825.* "The policy of the United States in their commercial intercourse with all nations has always been of the most liberal character. In the mutual exchange of their respective productions, they have abstained altogether from prohibitions; they have interdicted themselves the power of laying taxes upon exports, and whenever they have favored their own shipping, by special preferences or exclusive privileges, in their own ports, it has been only<sup>1</sup> with a view to countervail similar favors and exclusions granted by the nations with whom we have been engaged in traffic, to their own people or shipping, and to the disadvantage of ours."

"Immediately after the close of the last war, a proposal was fairly made by the Act of Congress of the 8d of March, 1815,<sup>2</sup> to all the maritime nations, to lay aside the system of retaliating restrictions, and to place the shipping of both parties to the common trade on a footing of equality, in respect to duties of tonnage and imposts. This offer was partially and successively accepted by Great Britain, Sweden, Netherlands, the Hanseatic Cities, Prussia, Sardinia, Oldenburg, and Russia. It was also adopted, under certain modifications, in our late commercial convention with France. And by the Act of Congress of the 8th of January, 1824, it has received a new confirmation with all the nations who are, or may hereafter be, willing to abide in reciprocity by it. But all these regulations, whether established by treaty, or by municipal enactments, are still subject to one important restriction."

"The removal of discriminating duties of tonnage and of impost is limited to articles of the growth, produce, and manufacture of the country to which the vessel belongs, or to such articles as are most usually first shipped from her ports. It will deserve the serious consideration of Congress, whether even this remnant of restriction may not be safely abandoned, and whether the general tender of equal competition made in the Act of 8th January, 1824, may not be extended to include all articles of merchandise not prohibited, of what country soever

<sup>1</sup> This is inaccurate. The idea of protection also entered our laws.

<sup>2</sup> We have shown that this act was in response to British coercion.

they may be the product or manufacture. Propositions to this effect have been made to us by more than one European government, and it is probable that, if once established by legislation or compact with any distinguished maritime state, it would recommend itself, by the experience of its advantages to the general accession of all."

*The Error of Adams's Argument.* The "countervailing" theory of our discriminating duties is incorrect. It is not a deduction from *all* the facts in the case, but from a very few. According to this theory, if "the nations with whom we have been engaged in traffic" had not "granted favors and exclusions to their own people or shipping" there would have been no occasion, when our government began, or before that time, to set up a system of discriminating duties. There would have been nothing to "*countervail*." When England enacted her famous "Navigation Law," the object was to acquire as much as possible of the carrying trade done by the Dutch, a nation that had no discriminating duties at the time. But the Dutch were carrying largely in British commerce, and in that of the principal countries of the world, on the principle of doing it cheapest. The British Act first secured the carrying of their own commerce, their naval power supporting their law; then its effective tendency operated to monopolize shipbuilding and navigation. When our new-born nation came to engage in commerce, it found — what? Duties that must be countervailed? Of a certainty it did, but what else? Exclusions of all kinds, both of vessels and of commodities. We did not countervail *exclusions*. We found what was worse than discriminating duties and exclusions of law to contend with — old and wealthy maritime nations, some of them with long-standing agencies in every commercial centre, complete organization of interests, banking, insurance, and brokerage; ample capital at low interest rates, wages of shipwrights and seamen at half price; the business world full of prejudice against Republican Government. At home, every industry was prostrate, neither money nor credit to be had; the people poor, in debt, and discouraged; their shipping destroyed; their bitter enemy in readiness to grasp their trade and transportation, and do their manufacturing and im-

porting. The outlook was, that political oppression had given way only to bring in a harsher reign of *industrial* oppression. What needs must be done was, to oust the foreign merchant and his ship.

In self-defense, our people *must employ one another*, especially must they strive for independence in all the essential arts. They must become their own merchants and carriers, their own producers and manufacturers. All their industries must be *encouraged*, all their trades given fair play, all their capabilities developed. In short, a weak people must be built up into a strong and progressive nation. On what principle could these things be done? The great Lord Bacon, on a memorable occasion, before an American State had existence, laid down this principle as the rule for British improvement. "Let us," he exclaimed, "advance the commodities of our own kingdom, and employ our own countrymen before strangers." A good name for this principle is *Protection*.

*Our Early Ship Protection.* Mr. Adams knew very well that what he was proposing to remove was not merely regulations of our trade, but the *proper* means for the protection of our transportation — the means that had been successful, and that would insure us a marine for all future time. Congress might have thought of other means — prohibition would have been effective, but the Constitution had provided the "regulation" of commerce. Discriminating duties were perfectly constitutional means for securing an American marine, and the best that could be devised. The object of Congress was not the countervailing of duties — to give foreign nations tit for tat in taxes — but to secure the *employment* of our ships, especially in *foreign* ports. The merchants of all nations might avoid the payment of extra duties on goods shipped to the United States by sending them in American vessels.

Were the high duties laid in 1828 on bolt iron, copper, hemp rope, anchors and chains, and canvas, then hardly to be had without importation, and indispensable articles in building, rigging, and outfitting vessels, put on to "countervail" the duties of foreign nations, or to *protect* their *production* in the United States? In that year, protection was stripped from

shipowners, while it was given generously to miners, manufacturers, and other classes, not one of them more important to the country than navigators. The cost of ships was largely increased by raising the tariff, and this without the slightest compensation to the shipping interest. . . . Besides this injustice, President Adams, who signed both bills, had the inconsistency to tell posterity that Free Trade was better than Protection for the American ship, — so would say a British Minister; but that Protection was indispensable for sugar-planting, rice cropping, wool-growing, hemp-raising, metal-mining, iron-making, and manufacturing generally, and all this, forsooth, because he wanted an olive branch for the British Ministry. Out upon such truckling to British power. See now where we are, and with Britain how we compare in shipping!

*The Reciprocity Bill of 1826.* Following out the suggestion of President Adams, on January 25, 1826, the Senate Commerce Committee, Mr. Lloyd, of Mass., Chairman, reported a bill to suspend all discriminating duties whatever — “to make a complete removal of the *system*, with the parties agreeing to it.” Mr. Lloyd said: —

“The object of the bill was to clothe the Executive with the authority to proffer to any foreign nation who would reciprocate the same liberal conditions to the United States, an entire equality of commercial intercourse; in other words, that the vessels and merchandise of foreign Powers, agreeing to this condition, should be admitted to the ports of the United States on precisely the same terms, and be subject to no other or higher rates of duty, whether of tonnage or impost, than the vessels and cargoes of the citizens of the United States. The report was laid on the table.”

*Main Points of Senator Lloyd's Speech.* “The discriminating duties were coeval with the Government. . . . Their effect was salutary and beneficial in a high degree; at this time the navigation of the United States was in not only a depressed, but nearly a prostrate state. . . . At this period the discriminating duties were imposed; the effect was *electrical*; the merchants and navigators of the United States saw the whole revenue enactments of the Government based upon the interest



with which they were most nearly connected; they felt they had a government not only able but willing to protect them, and to place them in some degree on a footing with other nations; from this moment the navigation and commerce of the United States most rapidly expanded, increasing in a ratio unexampled in the records of any other people."

If our merchants and navigators of the present time could *feel* that *they* had such a government! After quoting statistics inclusive of 1824, he descended to pettifogging Mr. Adams's case: —

"But this highly gratifying state of prosperity for the commerce and navigation of the United States, he could not contend, arose exclusively, or principally, from the imposition of discriminating duties; nor did it arise mainly from them; it arose from other and more powerful causes; from the political events of the times; from the wars of the French revolution, which soon followed, which continued for twenty years, embracing in their vortex all the navigating states of Europe, deranging and overturning their commercial systems, and when engaged in war, sweeping all their shipping from the ocean, with the single exception of Great Britain, whose naval preponderance enabled her to protect her mercantile marine. In this state of things, the commerce of the world was almost entirely thrown into the hands of American merchants and shipowners; and this to the greater extent was the source from which the unexampled success of American commerce and navigation had risen."

*Lloyd's Sophistry confuted.* Conceding the claim that during the Napoleonic wars our commerce and navigation increased on account of the neutrality of our flag, it should be admitted that there had been *four years* of the advantageous operation of discriminating duties before England pounced upon France. In that time our foreign-trade tonnage increased *one third*, and our proportionate carriage increased 55 per cent. The war period does not show an equal rate of gain. During the Peace of Amiens — 1801–02, 14 months — our foreign-trade tonnage decreased about 11.5 per cent., but our carriage fell off only about 2.5 per cent. In 1804 the discriminating tonnage duty was raised by a charge for "light money," from 44 to 94 cents, and the whole loss was more than regained in a single year.

For an accurate statement of American tonnage employed in carrying between foreign nations and their colonies in the Napoleonic period, statistics do not exist. But a reasonable estimate may be made. From our statistics of tonnage in foreign trade, in connection with the volume of commerce carried for ourselves by our own vessels, it appears that our carrying for foreign nations was confined chiefly to the years 1797 and 1798, before the Peace of Amiens, and to the years 1808, 1809, and 1810 afterward. The utmost extent of this employment was apparently in 1810, and possibly reached 40 per cent. — the other years from 15 to 25. This service was merely incidental to the possession of a marine already built up and competent for it. To represent that our regulations of trade did not effect the *building up* and the *prosperity* of our navigation, but that this was done by “the commerce of the world” being “almost entirely thrown into the hands of American merchants and shipowners,” for the more than twenty years of war, is not historic truth. In 1815, after the peace, yielding to the coercion of Great Britain, we passed an Act for reciprocity, and closed a Convention whose effect was marked in our statistics. In the year 1815, the first after the war, our carriage was 77 per cent. for imports, and 71 per cent. for exports in our own commerce. The record of 1816 is 73 and 68, respectively, the loss due to nothing but the want of protection from British shipping by discriminating duties. Our tonnage also fell off from the same cause. In 1817 Congress put on a new protection, to wit: the exclusion of British vessels from our ports when cleared from ports or places at which our vessels were prohibited entrance. This act, and that of 1820 following it, increased our proportionate carriage and our tonnage, as follows: —

	Foreign-Trade Tonnage.	Percentage of Carriage.	
		For Imports	For Exports.
1818 . . . . .	589,954	85.	80.
1819 . . . . .	581,230	87.	82.
1820 . . . . .	583,657	90.	89.
1821 . . . . .	593,825	92.7	84.9
1822 . . . . .	582,701	92.4	84.1
1823 . . . . .	600,003	92.1	87.4
1824 . . . . .	636,807	93.4	88.7
1825 . . . . .	665,409	95.2	89.2
1826 . . . . .	696,221	95.	89.6

This period includes the four years during which some of the colonial ports were open — 1822-26 — but our discriminating duties affected this commerce, though not that with England direct. Again we see that the period of the European wars — the “derangements” and the “overturnings” and different “events” — afforded no protection to American shipping so valuable, as the “system” that President Adams was bound to remove. Machiavel would have smiled at the artifice of Lloyd, who represented the Act of March, 1815, as a striking example of *liberality*, and the Convention following as an event, accidental in its nature, highly honorable to the parties concerned. Whereas, when the treaty of Ghent was signed the faith of the United States was pledged, of a moral certainty, that this act would pass, and this Convention be made. We have seen how Senator Smith rushed this measure through near the close of a session, *without debate*, and *before the country could expostulate*, and that the course taken surprised the people. Said Senator Lloyd: —

*How the Reciprocity Act was received.* “This act at the time attracted no great attention; it was considered in some degree as embracing an *abstract proposition* which might or might not be realized; but shortly after . . . a convention was formed, etc. The American shipowners and navigators became somewhat *alarmed*; they very naturally concluded, that, as a large mass of our imports were of British manufactured goods; as these were procured from and shipped by British manufacturers or merchants; that if British ships could come into our ports precisely upon the same terms as American ships, that a fellow-feeling would arise, and that the greater part, if not the whole, of the importations of Great Britain to the United States would be made in British shipping to the exclusion of American navigation; such also was the impression of the British shipowners; for they put some fine ships into the trade; two, he believed, with Boston; our merchants knew British ships would be constructed on *about the same terms* as American ships; but as they last longer, in the end,<sup>1</sup> they might be cheaper. . . .

<sup>1</sup> This was a conceit of British underwriters, based on the practice of “rebuilding,” and furnished an excuse for lower rates to British than American ships.

“ They also knew, that in time of peace the wages of American seamen were one third *or a half higher* than the British ; that although provisions were generally cheaper in the United States than in Great Britain, that, as we gave more indulgences and comforts, especially in port, that the cost of subsistence was also probably dearer. These were disadvantages the American shipowner knew he had to contend with, but he did not shrink from the contest ; he breasted himself to meet it ; also put fine ships into the trade, taking more care than usual to select active, vigorous young men to command them, who would never strike a topsail while a mast could carry it. The result was, before the end of a twelvemonth, it was perceived the American ship would perform nearly three voyages to the other's two ; and that goods shipped by the former would be received more frequently, and enable the importers better to supply the market than by British ships ; the consequence was, the latter quitted the trade, and we have now the whole of it in American vessels.”

Our discriminating duty system must have been highly labor-saving, if, when it was removed, to hold our own with British ships, our vessels and crews had to do one half more work ! Did they do this, and thus make up for the want of protection ? They did not and could not. Were the statement true, was it the duty of our Government to inflict hard conditions upon our shipping — as an “ olive branch ” to Great Britain ? Senator Lloyd gave no credit to the acts of 1818-20, passed with intent to create *employment* for our vessels in the direct trade with England — the very trade he was boasting about. Refer to the table of arrivals of British tonnage, chapter xii., for the effect of that legislation.

*Inferiority of British Shipping Explained.* The truth about the difference in the performances of British and American shipping, for some time after the war of 1812, rests in the history of shipbuilding. When the best work is to be done we need the best tool. Under their navigation law, with their underwriting power, the British could and did command the carrying trade with an inferior ship. Under our system of duties — too low in some cases — we needed better performers at sea.

American models had to embrace improvements, and did from the first. When our owners wore out a ship, they ceased to use her and got a new and better one. In England it was the practice to "rebuild" and "repair" vessels long after they were fit to sail. This was thought to be *economy*, but it prevented improvements of model and rig, and would make of any marine a collection of old traps, weak in hull and slow of sailing. During the protracted warfare, British carriers sailed much in convoys, where the dullest sailor set the speed for the fleet. It was customary to shorten sail at night, a practice quite demoralizing to crews. Also, during this warfare, very little new building had been done in British yards. On account of these things, British authors have acknowledged that their shipping at this time was vastly inferior to ours. Our ships were *newer, larger, swifter, and better sailed* long before the day of reciprocity conventions. Improvements of hull and rig held out lessons to the world before the war of 1812. In time the British learned them. Year by year less difference appeared in the qualities of the ships of the two nations, and with the advent of steam carriers our advantage passed away. We lost ground constantly after the third and last acts of reciprocity came into operation — 1828–30.

As for the statement that merchants preferred to import by American vessels after 1815, it is a fact in history that the rush of imports advised by Lord Brougham, intended "to stifle our rising manufactures in their infancy," were sent over in British ships, in 1815, 1816, and 1817. (See table of chapter xii.) The fact was that the war had cleared our country of British importers and jobbers. Our entire mercantile business was in American hands. Many of these were vessel owners. They brought no more goods than would readily sell. Our non-ship-owning merchants employed the ships of their countrymen; but after the war the British merchant and jobber and manufacturer's agent, fierce to reëstablish themselves in the "States," loaded the ships of their own flag and came over. Again have they increased and enriched themselves in our land; again carried on our commerce; and again starved out the American ship. (It will probably take another war to clean the country again of

foreigners, so that an American marine shall once more have preference for employment.)

*An Unwarranted Conclusion.* Finally, Senator Lloyd argued from the statistics of tonnage in the period of 1816-1824 (see the table), that without discriminating duties, as against England and a few other countries in the *direct* trade, our vessels had almost driven foreign ships out of our commerce. He ignored entirely the situation brought about by prohibiting traffic with the closed ports of the colonies; and he took no account of the protection from confining England and the other reciprocity countries, in our Conventions, to the *direct* trade, while *reserving the indirect trade* with the world to ourselves. If, to compete with Britain in the direct trade, our ships and crews had to work *one half harder*, how much more than this would be necessary to compete in a British port, or any other, not only with British ships, or others, but to compete in every port of the globe, with the ships of all nations there awaiting employment? Even in our own ports this competition would exist. This was the proposition of the British Act of 1825, and of President Adams, who belittled our more important moiety of protection as a "remnant of restriction." He was either ignorant of the subject, or he knew very well that under the acts of 1815 and 1824, we had parted with the least important moiety of our ship protection. What Mr. Adams called a "remnant" was about all the protection we had upon the *export* carriage. The British got us to adopt the policy of *non-protection* for the import trade, and what they next desired naturally was that we adopt a policy of the same kind for the export trade.

*Lloyd's Rosy Forecast of the Effects of the Bill.* "It remains to show what would be the effect if the bill became a law, and was reciprocated by other nations. The effect would be to throw wide open the gates of commerce; all nations agreeing to a reciprocation would have the right to send their vessels into the ports of the United States from every region of the globe, laden with every commodity, of every description, they chose to put on board; for, in our policy, we wisely prohibit nothing; and here other nations would have *the advantage of us*; for they prohibit many things, as connected with their manufactures,

their treaty stipulations, or the privileges of their chartered companies. While we, on our part should have the right to go to their ports from every other country, and to carry to them, on equal terms, whatever their own vessels could carry. More than this: If the principle were met by the European powers having colonies, and was carried into effect *in extenso*, we should have the right to go to the colonies to furnish them with their supplies, purchase their productions, and transport them in our vessels, even to the ports of the mother country. This, he would be told, would never be realized. Be it so. We lose nothing by making the offer. If rejected, we stand where we were; and, at any rate, it is honorable to us, from the manly independence, as well as the perfect reliance it manifests, we place on the ability, the energy, and the industry of our navigators." . . .

Mr. Lloyd also referred to the "invaluable coasting trade kept to ourselves"—he "would not disturb it." He then spoke of the cotton manufacturing interest, and grew enthusiastic. Any one suggesting to take protection from it would be strenuously met in opposition—by himself or the sturdy Daniel Webster. A year afterward Senator Lloyd's term expired, and his chestnut was pulled out of the ashes by another, not a wiser, man. The argument that caught the Senate, doubtless, was the probability that Great Britain would open the West Indies, and, indeed, the ports of all her colonies, for the sake of getting the chance herself to fetch and carry for all nations in our trade as in her own,—her proposition of 1825. The bill passed the Senate, but a House amendment for removal of discriminating duties in the colonial trade practically killed it. The debate evolved great diversity of opinion.

*The Colonial Trade Bill.* After the closing of the West India ports in 1826, Congress gave considerable attention to measures for their reopening. The Executive, too, attempted negotiations. For the first time opinions clashed as to means. Senator Smith, of Md., headed a party resolved upon acceptance of the British Act of 1825. The administration held to negotiation on the basis of the Lloyd bill, while the original promoters of the Act of 1818 urged the passing of a new bill on its drastic lines.

On February 21, 1827, Senator Johnson, of La., chairman of Commerce Committee, reported a bill which was fully debated. Another bill of like character was reported to the House and considered. There were disagreements, the House bill was abandoned, and the Senate bill, for want of concurrence, was rejected.<sup>1</sup> Senator Smith tried hard to have his bill (to accept the British terms) substituted. He threshed over his old straw, and taunted the majority with attempting, in the passage of Lloyd's bill, to do the very thing the British provided for in 1825 — to open the indirect trade. Meantime, for several months, they shut our shipping out, while we were letting theirs come in.

*Final Passage of the Third Reciprocity Bill.* In the session of 1827–28 a final effort was made to pass the Lloyd bill. Both America and England desired progress. In 1827 the "London Times" lamented as follows:—

"It is not our habit to sound the tocsin on light occasions, but we conceive it to be impossible to view the existing state of things in this country without more than apprehension. Twelve years of peace, and what is the situation of Great Britain? The shipping interest, the cradle of our navy, is half ruined, our commercial monopoly exists no longer. We have closed the West India islands against America from feelings of commercial rivalry. Its active seamen have already engrossed an important branch of our trade to the East Indies. Her starred flag is now conspicuous on every sea, and will soon defy our thunder."

So the British desired that something be done, if not to advance their navigation, at least to impede ours, while our own government fancied that nothing it could do, in giving away "remnants of restrictions," could create evil conditions and bring about disastrous consequences. Senator Woodbury, of N. H., who reported the bill, and made the principal speech for it, argued, "if our terms are accepted, we may obtain most of the transportation, now enjoyed by foreigners in the *eight* or

<sup>1</sup> It was charged that "The Colonial Trade Bill" was a device to hold off closing our ports until we heard from England, not really to revive and re-apply the Act of 1823.



ten hundredths of our foreign tonnage ; as they are now enabled to compete with us to that extent, chiefly, by the discrimination they enjoy at home." Thus, he seemed to think the Senate, the House, and the country could not perceive, the opposite of his proposition, that the discrimination enjoyed by American vessels "at home," particularly the exclusion of foreign from indirect trade, enabled *them* to hold 90 or 92 per cent. of our foreign carriage. He carefully ignored the fact, that we had passed the culminating point of carriage — 1825–26 — and that when he spoke, we were two years on the long decline then under way.

*Text of the Act of 1828.* "That upon satisfactory evidence being given to the President of the United States by the government of any foreign nation that no discriminating duties of tonnage or impost are imposed or levied in the ports of said nation upon vessels wholly belonging to citizens of the United States, or upon the produce, manufactures, or merchandise imported in the same from the United States, *or from any foreign country*, the President is hereby authorized to issue his proclamation declaring that the foreign discriminating duties of tonnage and impost within the United States are, and shall be, suspended and discontinued so far as respects the vessels of the said foreign nation, and the produce, manufactures, and merchandise imported into the United States in the same from the said foreign nation, *or from any other foreign country* ; the said suspension to take effect from the time of such notification being given to the President of the United States, and to continue so long as the reciprocal exemption of vessels belonging to citizens of the United States and their cargoes, as aforesaid, shall be continued, and no longer."

*Woodbury on the Principles of the Act.* "These principles embraced the great paramount one of all, that *trade* shall be *free* ; that all shackles on commerce should be stricken off ; and in accordance with the lights and spirit of the present age, that everything in navigation, *as in all other kinds of business*, should be left to the fair competition of industry, enterprise, and skill. That in a country which justly boasts of the freedom and superiority of its institutions, *nothing is to be feared* from a rivalry on this subject, free as air and extensive as the widest range of civilization."

This, therefore, was a *free trade* measure. Unfortunately

for the credit of the tenet, success has not attended it; not a single advantage for American vessels has resulted; on the contrary, their ruin has been accomplished through its operation. Senator Woodbury did not base his argument on history or the principles of his bill, but appealed to conceit, to vanity and delusion, sentiments in antagonism to the proven value of our ship protection. Here is why he would cast it off:—

*Woodbury's Wild Reasoning.* “We are known to possess a skill and economy in building vessels, a cheapness in fitting them out, an activity in sailing them, which, without discrimination, would give us an advantage in coping with any commercial power in existence. Such are the accurate calculations of our merchants, the youth and agility of our seamen, and the intelligence of our shipmasters, that American vessels can, on an average, make three trips to Europe while a foreign vessel is making two. It must be manifest to all that circumstances like these, rather than any discriminating duty, must always give and maintain to us a superiority and *protection* which leave nothing to be feared from the fullest competition.”

The history of our inglorious experience under the policy thus championed contradicts its soundness. The “circumstances like these,” depended on, did not “always” give protection to our navigation, and could not, for *they never did*. Woodbury’s reasoning was false. His own city of Portsmouth, that in 1828 had 40,000 tons of sail, built by his constituents, engaged in the foreign trade, has now *not one* “permanently registered” ship. The shipbuilding and owning, for which Portsmouth had been famous for two hundred years, are completely extinguished—the sole alternative of “shackles” on commerce. Doubtless, Portsmouth would prefer to be *at outs* with England. Says Woodbury: “By this bill we now hold out the olive branch to all!” So he sacrificed the American ship to placate the enemies of that ship, instead of shutting our ports against them forever.

The indispensable circumstance of a successful navigation is *employment*. It matters not that a nation may have the best ship, and run her cheapest, beating rivals on every voyage, but the very best ship in the world will fail, if she cannot get car-

goes to carry. The protections — restrictions, shackles, etc. — sought to be removed by England, Adams, Lloyd, and Woodbury, were established to secure, and did gain and procure, employment, engagements, and freights. If the shipping of one nation, owing to certain circumstances, can beat that of other nations in getting *employment*, it will be bound to succeed. The relations of our “restrictions” to the employment of our ships were never discussed in the proposing, advocating, or opposing of any of our three ship-reciprocity bills.

*Final Opening of the West India Ports.* Having provided the “olive branch,” our government was perplexed to find that England had changed her mind in respect to its advantage. The exaggerations of Senators Lloyd and Woodbury had awakened the fears of British shipowners — if Yankee ships and crews could hold their own, and even gain ground, under the narrow reciprocity then on trial, it might be prudent not to join the “States” in any more “reciprocity,” until the system were tried further. There must be more negotiation, but a practical acceptance of the British demands, or no opening of the West India ports. In his message of December 2; 1828, President Adams said: —

“Our commercial relations with Great Britain will deserve the serious consideration of Congress, and the exercise of a conciliatory and forbearing spirit in the policy of both governments. The state of them has been materially changed by the act of Congress passed at their last session, in alteration of the several acts imposing duties on imports,<sup>1</sup> and by the acts of more recent date of the British Parliament. The effect of the interdiction of direct trade, commenced by Great Britain and reciprocated by the United States, has been, as was to be foreseen, only to substitute different channels for an exchange of commodities indispensable to the colonies and profitable to a numerous class of our fellow-citizens. The exports, the revenue, the navigation of the United States, have suffered no diminution by our exclusion from direct access to the British colonies. The colonies pay more dearly for the necessities of life which their government burdens with the charges of double voyages,

<sup>1</sup> He refers to the raising of duties.

freight, insurance, and commission ; and the profits of our exports are somewhat impaired and more injuriously transferred from one portion of our citizens to another. . . . Other measures have been resorted to more pointedly bearing upon the navigation of the United States, and which, unless modified by the construction given to the recent acts of Parliament, will be manifestly incompatible with the positive stipulations of the commercial Convention existing between the two countries. That Convention, however, *may be terminated with twelve months' notice*, at the option of either party."

This must have been a painful sentence for Mr. Adams to write. Were we to have, ere long, *less*, instead of more, reciprocity ? England never lets a treaty or convention check her advancement. Adams put too much faith in the "Mother Country," before she rejected his olive branch. He failed to open the West Indies, and was much disappointed. The short session lacked in time for Congress to undertake another bill, and the matter went over to President Andrew Jackson, who found in Mr. Louis McLane, of Del., Minister to England, one who could "do business there," through his "talent and exertions," as President Jackson expressed it. From Mr. McLane's suggestions the bill following was passed May 29, 1830.

*The Last Reciprocity Measure — Restoration of Colonial Inter-  
course.*

"That whenever the President of the United States shall receive satisfactory evidence that the government of Great Britain will open the ports in its colonial possessions in the West Indies, on the continent of South America, the Bahama, the Caicos, and the Bermuda, or Somer Islands, to the vessels of the United States for an indefinite or for a limited term ; that the vessels of the United States and their cargoes on entering the colonial ports aforesaid shall not be subject to other or higher duties of tonnage or impost, or charges of any other description, than would be imposed on British vessels or their cargoes arriving in said colonial possessions from the United States ; that the vessels of the United States may import into the said colonial possessions from the United States any article or articles which could be imported in a British vessel into the said possessions from the United States, and that the vessels of the United States may export from the British

colonies aforementioned, to any country whatever other than the dominions and possessions of Great Britain, any article or articles that can be exported therefrom in a British vessel to any country other than the British dominions or possessions, as aforesaid, leaving the commercial intercourse of the United States with all other parts of the British dominions or possessions on a footing not less favorable to the United States than it now is, and that then, in such case, the President of the United States shall be, and is hereby, authorized at any time before the next session of Congress to issue his proclamation, declaring that he has received such evidence; and thereupon, from the date of such proclamation, the ports of the United States shall be opened indefinitely or for a term fixed, as the case may be, to British vessels coming from the said British colonial possessions, and their cargoes subject to no other or higher duty of tonnage or impost, or charge of any description whatever, than would be levied on the vessels of the United States, or their cargoes, arriving from the said British possessions; and it shall be lawful for the said British vessels to import into the United States and to export therefrom any article or articles which may be imported or exported in vessels of the United States."

(Then follows repeal of our acts of April 18, 1818, May 15, 1820, and March 1, 1823.)

"Section 2. That whenever the ports of the United States have been opened under the authority given in the first section of this act, British vessels and their cargoes shall be admitted to an entry in the ports of the United States from the islands, provinces, or colonies of Great Britain, on or near the North American Continent, and north or east of the United States."

On the 5th of October following President Jackson issued his proclamation in pursuance of this act. Of course it was in the power of Parliament to burden the new trade with increased and heavy duties. In protection of British interests this was done forthwith, to the loss of our producers. We gained very little, except the settlement of the question, from this mutual opening of ports. The British gained immensely. Their vessels took goods from home, as before the act, out to the provinces and islands, or from the provinces to the islands, and thence they brought products to the United States; thence taking cargoes home and increasing competition for our own ships. On the British part it was stupid policy to close their

ports, while it seemed mere infatuation on our part to insist on their being open. The British got back their "triangular" carrying trade, while we got cheaper rum. The British success may be thus appreciated: —

*Results of Our Experiment.* In the year 1830 England had 78,947 tons of shipping entering our ports. For ten years previously average arrivals had been 76,518 tons. In the year following reciprocity in colonial trade, British entrances rose to 143,806 tons, and for the first ten years thereafter the average arrivals were 212,661 tons, or 63 per cent. of all the foreign in our trade. In the decade of 1831–1840, while American tonnage gained but 40 per cent. in all the ports of the world, British tonnage increased 400 per cent. in our own ports alone. So, practically, it was the British that got *our* ports opened, as it was their government that pushed ours into the policy of reciprocity, and then appropriated the quid pro quo.

We had no more port opening deals with Great Britain until 1849, when she voluntarily opened all her trades, nominally at least, to the ships of all the world. After that, under the Act of 1828, we admitted her vessels from every country as we did our own. However, this was done illegally, by a circular of the Treasury Department, instead of a proclamation by the President, so great was the eagerness of Secretary Meredith to show his love of "Mother country."

*A Retrospective View.* We have now examined our shipping legislation prior to the adoption of the Constitution, and for forty years of our national life. We have seen our early system of encouragement to navigation superseded by another of opposite character — of *non-protection by law*. Our early system was intended to create and maintain an American Marine in the foreign trade. In this object it was successful. The reciprocity system was intended, first, to pacify and favor England; second, to show the world that *liberality* was a winning principle; third, to aid, as it might be possible, in keeping our place on the sea. *It was an experiment in free trade*, that increased opportunity for building up foreign navigation, gave us no advantage, but caused the ruin of our marine.

## CHAPTER XVII.

### MARITIME RECIPROCITY IN THEORY AND PRACTICE.

*Reciprocity in General.* When two nations agree to an exchange of favors with one another, the action is called Reciprocity. It is of two kinds, commercial and *maritime*. The former relates to articles of commerce, the latter to vessels and articles combined. Both kinds may have much or little scope or extent. Usually, the arrangements are effected by treaty or convention for a time limited; but they may be made by legislative acts, one nation accepting the regulations of another. In such case, usually, the time is not fixed, and the power of repeal may be instantly exerted by either party. Made by treaty or convention for a term of years, a suspension of liberty accompanies loss of time in effecting annulment.

Reciprocity originated in France in the early part of the eighteenth century. Baron Montesquieu thus described the innovation:—

“As this country is situated, it has many superfluous commodities; it must want also a great many kinds of merchandise, which its climate will not produce. It has therefore entered into a large and necessary commerce with other nations. It has made a choice of those states whom it is willing to favor with an advantageous commerce. It has entered into such treaties with the nation it has chosen as are reciprocally useful to both.”

*Maritime Reciprocity.* The stipulations in this branch are usually for equal privileges of *vessels*, not only in ports and respecting duties and charges, but in entering and departing, and in importing and exporting articles of commerce, but the terms may be such as agreed upon. Reciprocity agreements were somewhat in use between the American Colonies. Our first national engagement was with France in 1778. It conditioned against

discriminating duties in favor of any *foreign* nation, but not against thus favoring our own shipping; it was *abrogated* by Congress on the eve of war in 1798. Great Britain never forgave us for this agreement with France. She would not make a commercial treaty or convention with us, lest we might get advantage from it — until she was sure of profit to herself. A British authority has acknowledged that in reciprocity treaties and conventions, "England always contrived to obtain the chief advantages." It is a great advantage in itself to have rivals tied up, so they cannot, for years, apply remedies for shipping declination or decay, as in our own case.

*Non-protection.* What Maritime Reciprocity seeks to provide is the *non-protection* of the carrying trade. Any nation feeling that its profits, or power of competition for ship employment, would be increased by *equal footing* at the customs of its rivals, naturally wants this privilege. It is a privilege, *not a right*. Any nation, finding from experience that giving rivals equal footing in duties and charges, in its ports, results in the decline of its marine, and in losing its place in its own commerce, should desire to regain its liberty, and to protect from destruction an interest so essential to independence and prosperity as that of navigation. A nation declining to grant reciprocity, lest its trade and transportation be engulfed by its rivals, may be quite as *liberal* as if it could afford to be generous. Its duty is to be just to itself. Nations so situated as to need protection to the employment of their vessels have no business with reciprocity. The natural trend of Government and of human endeavor is, and ever should be, towards *self-interest*. As between man and man, and nation and nation, justice is the only arbiter. Self-interest will hear no appeal to "liberality," "the enlightened spirit of the age," or other sentiment, but *justice* it must hear.

Some of our statesmen have considered Reciprocity to be a *system*. Protection, having a positive principle, may be a system of Government, but reciprocity, negation in respect to policy, is merely mutual non-action. Protection is a natural and positive law of life, while Reciprocity is an artificial substitute that may produce death. It puts life and growth under a



rival's will. If it be contended that Reciprocity secures freedom from restrictions on commerce and navigation, this is no more than to admit its exceptional character. Fable has it, that a fox given to exploration lost his tail in a trap; wherefore, when rallied about his misfortune, he used to harangue his fellows on the advantages of having no tail — less weight to carry, less sustenance to hunt for, less trim by the stern, and higher speed. So it is about protection and reciprocity — the one represents intention, the other, chance.

*President Monroe's Account of Reciprocity.* In his Message of December 5, 1821, we find a brief sketch of Reciprocity, its objects, and adoption, by President Monroe: —

“By an act of the 3d of March, 1815, . . . a proposition was made to all nations to place our commerce with each on a basis which, it was presumed, would be acceptable to all. Every nation was allowed to bring *its* manufactures and productions into our ports, and to take the manufactures and productions of the United States back to their ports, *in their own vessels*, on the same conditions that they might be transported in vessels of the United States; and in return it was required that a like accommodation should be granted to the vessels of the United States in the ports of other powers. The articles to be admitted, or prohibited on either side, formed no part of the proposed arrangement. Each party would retain the right to admit or prohibit such articles from the other, as it thought proper, and on its own conditions.

“When the nature of the commerce between the United States and every other country was taken into view, it was thought that this proposition would be considered fair, and even liberal, by every power. . . . By placing, then, the navigation precisely on the same ground, in the transportation of exports and imports, between the United States and other countries, it was presumed that all was offered which could be desired. It seemed to be the only proposition which could be devised, which would retain even the semblance of *equality* in our favor.”

It will be noticed that this “reciprocity” applied to *direct trade only* — British vessels could not bring goods to us from France, or other foreign countries, so we still retained some ship protec-

tion, even as to England. It left the *indirect* trade of all nations to American ships, or to those of the country producing the cargo. Out of more than eighty countries and communities in the world, only about one quarter sail ships at sea in foreign trade. This reciprocity, therefore, applied to the navigating nations alone. It was devised for us, with special reference to British interest, and but for their insistence it would never have had existence.

*Disappointed Expectations.* "Many considerations of great weight<sup>1</sup> gave us a right to expect that this commerce would be extended to the colonies, as well as to the European dominions, of other powers. With the latter, especially with countries exclusively manufacturing, the advantage was manifestly on their side. An indemnity for that loss was *expected* from a trade with the colonies, and, with the greater reason, as it was known that the supplies which the colonies derived from us were of the highest importance to them, their labor being bestowed with so much greater profit in the culture of other articles; and because, likewise, the articles, of which those supplies consisted, forming so large a proportion of the exports of the United States, were never admitted into any of the ports of Europe, except in cases of great emergency, to avert a serious calamity. When no article is admitted which is not required to supply the wants of the party admitting it, and admitted then, not in favor of any particular country, to the disadvantage of others, but on conditions equally applicable to all, it seems just that the articles thus admitted and invited should be carried thither *in the vessels of the country affording such a supply*, and that the reciprocity should be found in a corresponding accommodation on the other side. By allowing each party to participate in the transportation of such supplies, on the payment of equal tonnage (duty), a strong proof was offered of an accommodating spirit. To abandon to it the transportation of the *whole* would be a sacrifice which ought not to be expected. The demand in the present instance would be the more unreasonable, in consideration of the great inequality existing in the trade with the parent country."

<sup>1</sup> It is highly probable that colonial reciprocity was promised, but in convention England deemed it profitable to refuse it.

*Our British Reciprocity.* "Such was the basis of our system, as established by the Act of 1815, and such its true character. In the year in which this act was passed, a treaty (convention for four years) was concluded with Great Britain, in strict conformity with its principles, in regard to her *European* dominions. To her colonies, however, in the West Indies and on this continent, it was not extended, the British Government claiming the exclusive supply of those colonies, and from her own ports, and of the productions of the colonies in return, in her own vessels. To this claim the United States could not assent, and, in consequence, each party has suspended the intercourse in the vessels of the other, by a prohibition, which still exists (1821)."

England was not in search of any new science further than to hit upon some scheme that would be sure to *tie the hands* of the "States," so she could defeat our aspiration to become a power upon the sea. She feared our proximity to the colonies would give us the chance to engross the colonial trade, if she included that trade in our convention. She felt certain of winning in the home trade, or she would never have given up its protection. Not being obliged to, she would hazard nothing. We were obliged to make a treaty of peace on nearly her own conditions, or prolong the war (of 1812). She had always disapproved of our discriminating duty system, and she then meant that the war should terminate it. As it was, perhaps we got off cheaply. However, we cast off but one moiety of ship protection. Had we kept the *other*, the injury from our first reciprocity act might not have been ruinous. Mr. Monroe continued:—

*French Distrust of Reciprocity.* "The same conditions were offered to France, but not accepted. Her Government has demanded other conditions *more favorable* to her navigation, and which should give extraordinary encouragement to her manufactures and productions in ports of the United States. To these it was thought improper to accede, and, in consequence, the restrictive regulations which have been adopted on her part, being countervailed on the part of the United States, the *direct* commerce between the two countries, in the vessels of each party, has been in a great measure suspended." . . .

France had lost the most of her shipping in the long war; and desired to restore it. She was not without experience in shipping restoration. She knew her vessels were inferior to American, and she would not hazard her sea power in order to accept a scheme devised by her old-time enemy. However, under the operation of our Act of 1820, she felt compelled to come into a convention with us. The result was what she had feared; in a few years American vessels carried the most of the commerce between the two countries. For many years afterward France held to her indirect trade and reciprocated directly with but a few nations.

*England presses France into Reciprocity.* In 1860 the British Government sent a Parliamentary Committee to visit Louis Napoleon and persuade him to agree to a treaty or convention permitting British shipping to carry cargoes into France from *all the countries* of the world, on condition of permitting French shipping to carry into the United Kingdom cargoes from all parts of the globe.<sup>1</sup> As a consequence, in a few years the French marine was in a decline — British shipping sapping its life away. When a French ship takes a cargo to England, even now, and gets a little freight that she may export, her agent or master is told that she cannot have a berth in dock or at wharf where she may take on board the stuff. To such applications, berths are always “engaged.” So, she leaves port in *ballast*, and some British ship takes the offered cargo, perhaps to France itself. In England, corporations control the docks and can discriminate against the French without implicating the Government in treaty violation. In France, the Government owns or controls the docks, and ships of all nations must get their turn. As French shipping must have protection of some kind, or quit the sea, the result of British interference has been the “bounty” system; in operation since 1880. This was adopted in lieu of discriminating duties, which the British treaty was considered to prevent. We have now the spectacle of French sailing ships, supported by *bounty*, going in *ballast* from home to our North Pacific coast for cargoes of grain, some

<sup>1</sup> See an account of this in Lindsay's *History of Shipping*. He was the secretary of the committee.

of them carried to England. These vessels capture the employment of our own ships. If French reciprocity with us were observed, instead of evaded, by their bounty system, their ships would not be built, because they could not be sailed under it. Continuing the President said:—

*Extension of Reciprocity in Six Years.* “The principles of this system of reciprocity, founded on the law of the 3d of March, 1815, have been since carried into effect (besides with Great Britain) with the kingdoms of the Netherlands, Sweden, Prussia, and with Hamburg, Bremen, Lubec, and Oldenburg, with a provision made by subsequent laws, in regard to the Netherlands, Prussia, Hamburg, and Bremen, that such produce and manufactures, as could only be, or most usually were, first shipped from the ports of those countries, the same being imported in vessels wholly belonging to their subjects, should be considered and admitted as their own manufactures and productions.”

The Benefits of Reciprocity to above foreign countries may be judged from the following table:—

(7) ARRIVALS OF TONNAGE AT AMERICAN PORTS.

Years.	American.	British.	Sweden.	Dutch.	German.	Prussian.
1818 . .	755,101	118,538	928	5,186	3,742	132
1819 . .	783,579	36,333	2,956	5,106	4,508	737
1820 . .	801,252	47,365	2,896	2,563	3,347	—
1821 . .	765,098	52,976	5,549	3,769	6,014	1,236

American navigation gained very little, British was suffering from our closed ports, Dutch fell off a little, but the other flags gained much in three years.

*Norway proposes Full Reciprocity.* President Monroe, continuing his message, stated that:—

“The Government of Norway has by an ordinance opened the ports of that part of the dominions of the King of Sweden to the vessels of the United States, upon the payment of no other or higher duties than are paid by Norwegian vessels, *from whatever place arriving, and with whatever articles laden.* They have requested the reciprocal allowances for the vessels of Norway in the ports of the United States. As this privilege is not within the scope of the Act of the 3d day of

March, 1815, and can only be granted by Congress, and as it *may involve* the commercial relations of the United States with other nations, the subject is submitted to the wisdom of Congress."

In its wisdom, Congress did not touch the subject — not for five years afterward, as we have shown. Norway was prompted by self-interest to propose this innovation. She had already found advantage in partial reciprocity. She was a country living chiefly by navigation, to which long experience had adapted her. She could only hope to become of consequence upon the sea. She never needed protection for the encouragement of shipbuilding or navigation. The full reciprocity which she sought in 1821 would have been great encouragement, as our trade with the world was a prize such as no nation, hitherto, had ever granted another. In a few years, however, Norway received the boon desired. In 1827 the arrivals of Swedish and Norwegian tonnage in our ports were 2,458; in 1837 they had increased to 25,660 tons, and monopolized the traffic. Reciprocity with these countries has been no use whatever to the United States, in commerce direct or indirect. Hundreds of vessels under their flags carry on our foreign trade with all parts of the world, and ply *in no other*. They never enter the Baltic Sea after leaving it behind. These two royal flags have been enabled to supplant our own on the ocean — as a consequence of our "liberality," and the heed which we have given to "the spirit of our enlightened age."

*The Question of Merit in Reciprocity.* Finally, as if in doubt of the wisdom of granting favors to foreign nations, who might reciprocate honestly; and if they did, who might have great advantages *in footing* outside of legislation and aside from custom-houses, President Monroe introduced the question of goodness in the scheme. Said he: —

"I have presented thus fully to your view our commercial relations with other powers, that seeing them in detail with each power, and knowing the basis on which they rest, Congress may, in its wisdom, decide whether any change ought to be made, and, if any, in what respect. If this basis *is unjust or unreasonable*, surely it ought to be *abandoned*; but if it be

just and reasonable, and any change in it will make concessions subversive of *equality*, and tending in its consequences to *sap the foundations of our prosperity*, then the reasons are equally strong, for adhering to the ground already taken,<sup>1</sup> and supporting by such further regulations as may appear to be proper, should any additional support be found necessary."

Evidently, it was a matter of *results* with Mr. Monroe, whether the system of Reciprocity, *partial as it then was*, should be continued under the Act of 1815. He seemed to think this act, which covered the direct trade only, went far enough. His successor, however, assumed that "restrictions" hurt us, and that we could not release ourselves too soon. He therefore urged *full* reciprocity, that is to say, in both the direct, and indirect carrying trades. The experiment of partial Reciprocity had received no proper test, when, in 1828-30, full Reciprocity was established. *Partial* Reciprocity might be named *Madison's*, and *full* Reciprocity, *Adams's*.

*Disadvantages of Full Reciprocity with England.* It should be stated here that the Reciprocity entered into after the Act of 1828 was more than *twice as deadly*, in its effects as that under the acts of 1815, and of 1824, which revived it. This applies to all flags able to compete in our foreign trade against our own ships coming from or going to all parts of the globe. Several of our reciprocity nations never had any trade of their own worth reciprocation to us. For instance, the Duchy of Oldenburg, *the very first* country to apply for the benefits of the Act of 1828, with Sweden, Norway, and Denmark.

With England, the supreme beneficiary,<sup>2</sup> equal, and therefore *equitable*, conditions for fair competition in the ocean carrying trade, *for us*, have never existed, nor ever can, in the absence of protective regulations. By 1828-30 our shipping and commercial strength was considerable, but compared poorly with British; our merchants commanded scanty capital; interest here was double the rate in Europe; continental Europe was England's handy market; our markets were distant; our Gov-

<sup>1</sup> This reference is to the Act of 1819, repealing the Act of 1815, with a view to dropping the reciprocity policy, as already shown, in 1824.

<sup>2</sup> Fortunately for us, she delayed becoming such until 1850.

ernment felt obliged to credit our merchants at the custom-house; we had few shipping agencies abroad and no banks; our home markets being small, our vessels could not be large enough for much economy. Ton for ton, our best shipping cost as much to build and run as the British. We had enterprising merchants, energetic owners, resolute seamen, and the improved vessels due to skillful shipbuilding, but the chances for their employment in carrying for foreign nations, the British in particular, were not equal to the chances which foreign flags were given to carry in our commerce. The odds were *ten to one*. Any foreign ship reaching an American port was sure of a cargo to Europe, while very few of our ships reaching a port in Europe stood any chance whatever, for a cargo home, except from England, from whence, after reciprocity was established, they frequently came in *ballast*. Not even our "packet" ships were sure of cargoes — often they brought ballast and immigrants.

England's advantages were these: The strength of her shipping houses had been long matured; many of her shipowners were of her strongest commercial circles in the wholesale trade; their agencies encircled the globe; their business facilities were unequalled in the world. The British ship was the apple of the national eye — the richest bankers, merchants, and corporations staked fortunes on her prestige and success. The marine insurance written at Lloyds exceeded what was done elsewhere, and the British underwriter anywhere had little use for a foreign ship. Even the navy of England exercised influence on a merchants' choice of flag. No nation meddled with British ships and cargoes, or run up a bill for spoliations with impunity. British markets were large — other good markets were near at hand; this favored advantageous rates of freight and large, economical sizes of vessels; and withal, the great merchants, shipowners, and underwriters of England had long known each other, and were used to active and patriotic coöperation. All believed that idleness was good for a *foreign ship*, but *bad* for one of their own flag. In the face of these inequalities, in 1828–30, our statesmen plunged us into the consequences of full reciprocity, which could not but be to our disadvantage —



certain to end in disaster. Thus, reciprocity has been to us an altar of sacrifice.

*Why Navigation was put to Hazard.* Mr. Reed, of Mass., voted in Congress for each of our acts of Reciprocity. He said in 1828: —

“I have long been of opinion, that no nation had more skill or enterprise in navigation than ourselves, I have believed that we could carry freight as low as any nation in the world.<sup>1</sup> In the year 1815, it was proposed to repeal our discriminating duties; I well remember, it was urged *in private*, perhaps in debate, that it was an act of justice to the *farmer* and *planter*. It was urged that if the law was repealed, *freight would be lower*. I then represented a district deeply interested in navigation. The State of Massachusetts had, at that time, about one third of the tonnage in the Union. I voted for the repeal of the discriminating duties. *I supposed there might be some hazard*; but when I looked about me (thinking perhaps of the Hartford Convention), and saw how few were the number of those who represented districts directly interested in navigation, I thought it best to meet and decide the question at once. I was in favor of proposing to all nations a free and liberal competition. I voted for the Act of March, 1815, and subsequently for the Act of 1824. Those acts will long remain conspicuous in the history of commerce. . . . The primary and highest consideration, which led to its adoption, was the desire to promote the interests of *agriculture*.<sup>2</sup> To seek, if possible, in an unrestricted intercourse with foreign nations new and better markets for our produce. In this great national policy, *navigation* was but a *secondary* consideration, and was *put to hazard for the public good*. The apprehensions of some, and predictions of others, have proved equally unfounded.”<sup>3</sup> . . .

*Our Shipping distressed.* These remarks applied to *partial* Reciprocity. In 1829, on a bill for the repeal of tonnage duty on all American vessels, on account of “hard times,” Mr. Reed spoke of the consequences of *full* reciprocity thus: —

<sup>1</sup> The difficulty is not in “carrying” freight, but in getting it to carry. Competition has quit competing.

<sup>2</sup> This argument was insincere.

<sup>3</sup> The gentleman could not say this in a year afterward.

“The repeal of our discriminating duties, together with other circumstances, has produced the most severe *competition for freight*; not only as affects foreign commerce, but our own commerce in the coasting business. Shipowners have been *driven to every expedient*. The wealthy merchants have been compelled to give up their vessels, especially those in the coasting business, as an unprofitable and losing concern. . . . The struggle and competition among ourselves and with foreign nations has reduced the price of freight very low — to one fifth part of what it once was. The British, our principal competitor, make loud complaints that their freights are so low that navigation is a losing business. . . . Great Britain, who from necessity taxes everything but air and water, has no direct tax on her vessels — *no tonnage duty*. They know the importance of navigation and know that it cannot bear a duty.” . . .

*Another Witness.* Mr. Gorham, of Mass., said in 1830 : —

“It was a serious fact, that the foreign commerce of this country in 1800 was one third more in amount than to-day. Some cause had certainly operated to produce this depression. It belonged no doubt, in part, to the state of the world, in consequence of the peace in Europe; *but this alone* would not account for it. The ships formerly engaged in foreign commerce were now *rotting at the wharves*, and when they perished were not rebuilt. Yet, at the same time, the tonnage of Great Britain was rapidly *on the increase*. . . . This country had adopted a policy towards foreign nations, which *pressed upon the navigation* of our own country *by the abolition* of discriminating duties. Foreign ships were admitted into this country, *free* from such a duty (the tonnage), by way of comity and reciprocity for a similar exemption to our own shipping abroad; but the difference lay here, that, while foreign nations were exonerating their shipping to the utmost of their power, from every unnecessary burthen, we were loading ours with *tax upon tax*.<sup>1</sup> . . . He warned gentlemen that something must be done, and that speedily, or they would see the whole carrying trade of this country *pass into the hands of foreigners*. Some gentlemen, he knew, avowed their desire of such a result, believing it to be

<sup>1</sup> An allusion to the tariff of 1828.

the cheapest for this country. It might be so in time of peace, but peace would not always last, and as soon as war came, the country would be dependent on foreigners for the transportation of its products, and must pay a heavy freight to meet the risk of capture, and the increased charges of insurance."

A bill repealing tonnage duties passed in 1830, but in 1861 the want of revenue caused their reënactment. This removal of duties, under reciprocity, being quite as helpful to foreign vessels as to our own, was of no special benefit. After 1826, our loss of carriage, on the average, kept even pace with the extension of reciprocity. As for the economy involved in this decline and decay, in no way whatever has our country been compensated for letting its commerce and its carrying "pass into the hands of foreigners." In no way is it possible to derive a solid advantage from such a course of business, even if the foreign service cost nothing. Savings will not equate with *dependence*, nor will bargains offset *subjection*. It is written that — "No man can enter into a strong man's house, and spoil his goods, except he will first bind the strong man." We were bound when we were weak. We have since grown strong, but we permit the spoiler to continue to appropriate the best in the house — it saves us so much trouble to have aliens do our work, and take care of the riches thus acquired!

## CHAPTER XVIII.

### OUR SHIPPING EXPERIENCE UNDER OPPOSITE POLICIES.

*Navigation Laws a Controlling Power.* In the table No. (8) the reader will find a condensed statement, comprehensible at a glance, from the founding of the Government to the present time, showing the operation of our shipping policy and the effect produced upon navigation in our foreign trade. While this is shown by the tonnage employed, and by the proportion of American carriage, the latter is the better test, since the tonnage listed may be large, but not all in use. The column of carriage shows distinctly the results of competition for employment — when it has been severe, our percentage falls, when it eases up, our percentage rises — as a general rule ; since the navigation laws are *constant influences*, tending to regulate foreign competition. Of course, wars and the larger events interfere with competition, and may increase or diminish it, but with their cessation competition again assumes its way. Thus it is, that, in periods of time, an active principle of strong tendency — for instance, ample encouragement to navigation, or its opposite, *full Reciprocity* — will be bound to assert its power. The periods before Reciprocity — 1789–1815 ; from partial Reciprocity to full — 1815–1828 ; and after full Reciprocity — 1828–1901, will be plainly designated. The constant decline in our carrying trade *originated after our Reciprocity conventions began to take effect* and has continued with the extension of competition by foreign shipping, *thus encouraged*, ever since. This is demonstrated, yet, strange to say, our Government keeps right on extending the vicious principle — a dozen of reciprocity agreements having been made since a knowledge of the evils of the system was communicated to Congress.

# OUR SHIPPING EXPERIENCE.

291

## (8) TONNAGE, AND COMPARATIVE CARRIAGE IN FOREIGN TRADE, BEFORE AND AFTER RECIPROCITY AGREEMENTS.

No.	COUNTRY.	Date of Effect.	Agreement Term.	Foreign Trade Shipping.	Proportion of Our Carriage in Foreign Trade.	
					Imports.	Exports.
	<b>BEFORE ADOPTION OF RECIPROCITY.</b>	<b>Years.</b>	<b>Years.</b>	<b>Tons.</b>	<b>Per Cent.</b>	<b>Per Cent.</b>
	( <i>*Tonnage of Arrivals.</i> )	1789	.....	*123,893	17.5	30.
		1790	.....	*346,254	41.	40.
		1791	.....	*363,110	58.	52.
		1792	.....	*411,438	67.	61.
		1793	.....	367,734	82.	77.
		1794	.....	438,863	91.	86.
		1795	.....	529,471	92.	88.
		1796	.....	576,733	94.	90.
		1797	.....	597,777	92.	88.
		1798	.....	603,376	91.	87.
		1799	.....	657,142	90.	87.
		1800	.....	657,107	91.	87.
		1801	.....	630,558	91.	87.
		1802	.....	557,760	88.	85.
		1803	.....	585,910	86.	83.
		1804	.....	600,514	91.	86.
		1805	.....	744,224	93.	89.
		1806	.....	798,507	93.	89.
		1807	.....	810,163	94.	90.
		1808	.....	765,262	93.	88.
		1809	.....	906,865	88.	84.
		1810	.....	981,019	93.	90.
	(War with England.)	1811	.....	763,607	90.	86.
		1812	.....	758,636	85.	80.
		1813	.....	672,700	71.	65.
		1814	.....	674,633	58.	51.
		1815	.....	854,295	77.	71.
	<b>PARTIAL RECIPROCITY.</b>					
1	Great Britain <sup>4</sup> .....	July 1815	4	854,295	77.	71.
		1816	.....	800,760	73.	68.
	Netherlands. (Act.).....	1817	*Ind.	804,861	79.	74.
2	Sweden and Norway <sup>4</sup> .....	Sept. 1818	8	589,964	85.	80.
	Great Britain <sup>4</sup> .....	1818	10	589,964	85.	80.
		1819	.....	581,230	87.	82.
		1820	.....	583,667	90.	89.
3	France.....	Oct. 1821	*2	593,825	92.7	84.9
		1822	.....	582,701	92.4	84.1
		1823	.....	600,003	92.1	87.4
	( <i>*Carriage Charges.</i> )	1824	.....	636,807	93.4	88.7
		1825	.....	665,409	95.2	89.2
4	Denmark <sup>1</sup> .....	Apr. 1826	*10	696,221	*95.	*89.6
5	Central America <sup>3</sup> .....	Aug. 1826	*12	696,221	95.	89.6
6	Hanseatic Republics <sup>1</sup> .....	Dec. 1827	*12	701,517	94.3	87.5
	Sweden and Norway <sup>1</sup> .....	Jan. 1828	*10	757,998	91.4	84.5
	Great Britain <sup>1</sup> .....	Oct. 1828	*Ind.	757,998	91.4	84.5
7	Brazil <sup>1</sup> .....	Dec. 1828	*12	757,998	91.4	84.5
8	Prussia.....	Mar. 1829	*12	592,859	93.	86.
	<b>FULL RECIPROCITY.</b>					
	British N. A. Colonies. (Act)	Oct. 1830	*Ind.	537,563	93.6	86.3
9	Austria-Hungary.....	Feb. 1831	*10	538,136	91.	80.6
10	Mexico <sup>4</sup> .....	Apr. 1832	*8	614,121	89.4	75.8
11	Russia.....	May 1833	*6	648,869	90.7	75.5
		1834	.....	749,378	89.	74.4
12	Venezuela <sup>3</sup> .....	(9 mo.) 1835	.....	788,173	90.2	77.3
		May 1836	*12	753,084	90.3	75.4
		1837	.....	683,205	86.5	77.6
13	Greece.....	June 1838	*10	702,962	90.6	82.8
14	Sardinia <sup>3</sup> .....	Mar. 1839	*10	702,400	88.7	78.3
15	Netherlands <sup>4</sup> .....	July 1839	*10	702,400	88.7	78.3
16	Hanover <sup>4</sup> .....	May 1840	*12	762,638	86.6	79.9
17	Portugal <sup>1</sup> .....	Aug. 1840	*6	762,638	86.6	77.8
		1841	.....	788,398	88.4	76.3
18	Ecuador <sup>4</sup> .....	(9mo) Ap. 1842	*12	623,746	88.5	76.3
		1843	.....	656,050	77.1	77.
		1844	.....	690,471	86.7	70.5
19	Two Sicilies <sup>4</sup> .....	Dec. 1845	*10	904,476	87.3	75.8
20	Belgium <sup>1</sup> .....	Mar. 1846	*10	943,307	87.1	76.2
	Hanovers <sup>1</sup> .....	June 1846	*12	943,307	87.1	76.2
21	Oldenburg <sup>1</sup> .....	Mar. 1847	*12	1,047,464	77.2	65.3
22	Mecklenburg-Schwerin <sup>1</sup> .....	Dec. 1847	*10½	1,047,464	77.2	65.3

No.	COUNTRY.	Date of Effect.	Agreement Term.	Foreign Trade Shipping.	Proportion of Our Carriage in Foreign Trade.	
					Imports.	Exports.
		Years.	Years.	Tons.	Per Cent.	Per Cent.
23	Mexico <sup>11</sup> .....	May 1848	'78	1,168,707	82.9	71.1
	New Granada <sup>2</sup> .....	June 1848	'20	1,168,707	82.9	71.1
24	Hawaiian Islands <sup>3</sup> .....	Aug. 1850	'10	1,258,756	81.4	68.9
		1851		1,544,683	77.6	69.8
25	Guatemala <sup>2</sup> .....	May 1852	'12	1,705,650	74.5	66.5
26	Costa Rica.....	May 1852	'77	1,705,650	74.5	66.5
27	Salvador <sup>4</sup> .....	June 1852	'20	1,705,650	74.5	66.5
28	Peru <sup>5</sup> .....	July 1852	'10	1,705,650	74.5	66.5
29	Netherlands <sup>1</sup> .....	Feb. 1853	'72	1,916,371	71.5	67.1
	Argentine Republic.....	Dec. 1854	None	2,151,918	71.4	69.3
30	Two Sicilies <sup>6</sup> .....	Nov. 1855	'10	2,348,358	77.3	73.8
		1857		2,302,190	78.1	70.9
31	Denmark <sup>1</sup> .....	Jan. 1858	Ind.	2,268,196	71.8	60.2
	Belgium <sup>7</sup> .....	Apr. 1859	'10	2,501,148	72	75
32	Paraguay.....	Mar. 1860	'10	2,321,674	63.7	69.9
	Venezuela <sup>8</sup> .....	Aug. 1861	'78	2,379,396	63	69.7
33	Ottoman Porte <sup>9</sup> .....	June 1862	'28	2,494,894	60	72.1
34	Bolivia.....	Nov. 1862	'10	2,173,537	44.8	54.5
35	Liberia.....	Feb. 1863	None	2,173,537	44.8	54.5
36	Honduras.....	May 1865	'77	1,926,886	43.3	40
	Haiti.....	May 1866	'78	1,486,749	24.6	30
37	Dominican Republic <sup>10</sup> .....	Oct. 1867	'78	1,518,350	29.9	26.1
	Nicaragua <sup>11</sup> .....	June 1868	'15	1,387,756	25.1	37.7
38	Madagascar <sup>4</sup> .....	July 1868	None	1,515,648	28	39.1
		1869		1,494,889	33	36.6
39	Italy.....	Nov. 1870	'75	1,494,889	33	36.6
		1871		1,496,220	31.3	34.9
40	Salvador <sup>2</sup> .....	Mar. 1874	'10	1,448,846	33.1	37.7
	Peru <sup>5</sup> .....	May 1874	'10	1,363,652	31	32.6
41	Belgium <sup>7</sup> .....	June 1875	'10	1,359,040	26.8	29.8
		1876		1,378,533	27	25.7
42	Korea.....	May 1882	None	1,389,815	30.2	24.6
	Madagascar <sup>4</sup> .....	Mar. 1883	None	1,389,815	30.2	24.6
43	Spain (Islands) <sup>6</sup> .....	Oct. 1886	None	1,515,598	29.2	23.7
	Spain (An Agreement) <sup>12</sup> .....	Sept. 1887	None	1,553,705	30.8	25.4
44	Peru <sup>5</sup> .....	Oct. 1888	'10	1,570,600	31.5	23.7
		1889		1,589,348	32.2	22.6
45	Spain (As to Philippines).....	Dec. 1898	10	1,451,705	31.6	17.6
	Japan.....	July 1899	'12	1,314,402	22	13.7
46		1900		1,297,035	19.9	13.3
		1901		1,259,492	19.2	12.8
47				1,269,681	20.7	13.4
				1,276,972	22.4	14.4
48				1,262,814	21.3	13.7
				988,041	20	13.6
49				989,412	18.6	12.2
				919,302	18.5	11.79
50				999,619	17.08	11.62
				928,062	16.68	9.03
51				988,719	15.85	9.26
				977,624	17.66	8.11
52				883,199	15.45	8.79
				899,698	19.43	8.74
53				822,347	15.49	8.22
				829,833	15.76	8.57
54				792,870	14.97	8.10
				726,213	15.97	5.87
55				837,229	12.38	6.87
				816,795	12.94	7.07
56				870,585	11.99	6.12

## MEANING OF INDICES.

- <sup>1</sup> Extension or renewal of term.  
<sup>2</sup> Terminated by foreign country giving notice.  
<sup>3</sup> Merged into another country.  
<sup>4</sup> Superseded by later treaty or convention.  
<sup>5</sup> Terminated by war.  
<sup>6</sup> Convention at first protective on both sides; became non-protective in 1828; terminable after six months' notice.  
<sup>7</sup> Continuable by its own terms; terminable on one year's notice.  
<sup>8</sup> As to reciprocity articles only.  
<sup>9</sup> By Act of Congress — repealable.  
<sup>10</sup> To be revised if desired after five years.  
<sup>11</sup> Abrogated by treaty, 1883.  
*Italics* — Countries we now have agreements with.  
*Ind.* Term is indefinite, but terminable after one year's notice.  
<sup>12</sup> Notice of annulment by Nicaragua, 1901.  
*None* — No term stated.

*Our Experience with Reciprocity.* In the course of eighty-seven years we have made Maritime Reciprocity agreements with 42 different countries. We have such agreements now with 23 countries. There have been 14 agreements terminated by 11 foreign nations.<sup>1</sup> Of the several agreements marked "none," signifying *no term*, only two are now in force — those with Argentina and Liberia. The two agreements having indefinite terms — the British of 1828 and the Danish of 1858 — occupy no better ground than those marked "7" — "continuable by its own terms, but terminable after one year's notice." Where ship-reciprocity articles have been put into treaties proper, they generally stand for a term of years, subject thereafter to notice and abrogation, those in the body of the treaty continuing in force. In other cases, except in two instances, the treaty as a whole may be terminated by notice. The Reciprocity in British colonies, except in the East India traffic stands upon statute law repealable. So does perhaps *half* of all British transport to the United States, there being no treaty or convention for *full* Reciprocity — that was allowed by the Treasury Department without compliance with the law.

*The Gainers by Our Loss of Carriage.* We note in the table that percentage of carriage culminated in 1825–26 at an average of 92.3 per cent. in our own commerce abroad. Up to this time only three nations — Great Britain, Sweden and Norway, and France — had reciprocity agreements, and the Netherlands had an *Act*, affecting the *direct* trade only. In 1815, '16, and '17 foreign commerce enlarged, British arrivals increased greatly, threatening a large loss of American carriage, but our acts of 1818 and 1820 cut down British arrivals materially until 1825, the year after the West India ports were provisionally opened. The other reciprocators gave us little competition before our carriage culminated. The British West Indies were open from 1824 to 1826, and their shipping increased arrivals in 1825, '26, and '27, falling off in 1829, but gaining in 1830. The French were benefited by the convention of 1822 — their arrivals increasing, but not to the tonnage of 1820 for some years afterward. It appears, therefore, that our damaging

<sup>1</sup> Nicaragua not included.

competition came from the British, after the peace of 1814, and that the advantage of *partial* reciprocity, for a few years, was more than offset by our acts of 1818 and 1820, closing our ports to vessels from the British West Indies and the Provinces. While we lost carriage after 1825-26, it was after the granting of FULL reciprocity by Act of 1828, and the opening of ports mutually with England in 1830, that we may fix the point of *permanent decline*, as shown in the table.

While the columns of proportionate carriage answer very well to test the declination, the following table of proportionate arrivals will corroborate them : —

(9) PROPORTIONATE ARRIVALS OF AMERICAN TONNAGE.

Year.	Per Cent.	Year.	Per Cent.	Year.	Per Cent.
1815 . . .	. 76.32	1825 . . .	. 90.03	1835 . . .	. 67.84
1816 . . .	. 77.11	1826 . . .	. 88.64	1836 . . .	. 64.85
1817 . . .	. 79.88	1827 . . .	. 86.97	1837 . . .	. 62.92
1818 . . .	. 82.38	1828 . . .	. 85.52	1838 . . .	. 68.75
1819 . . .	. 90.12	1829 . . .	. 86.93	1839 . . .	. 70.47
1820 . . .	. 91.04	1830 . . .	. 87.63	1840 . . .	. 68.84
1821 . . .	. 90.22	1831 . . .	. 80.91	1841 . . .	. 68.90
1822 . . .	. 87.51	1832 . . .	. 69.20	1842 . . .	. 67.32
1823 . . .	. 86.85	1833 . . .	. 68.09	1843 . . .	. 72.96
1824 . . .	. 90.47	1834 . . .	. 65.42	1844 . . .	. 68.32

Referring to the columns of proportionate carriage, Table 8, in 1830 our percentage was 93.6 for imports and 86.3 for exports. Ten years afterward, with 18 countries cutting into our carrying trade, the figures were down to 86.6 for imports, and to 79.9 for exports; in 1850 we had reciprocity with 25 countries, and the figures lessened — 77.8 for imports, and 65.5 for exports. At the opening of the Civil War — 1861 — discriminating duties nearly all suspended — the figures stood at 60 for imports, and at 72.1 for exports; the latter having risen from the efforts of merchants to get cargoes out of the country. Thus, in thirty-five years our average loss of carriage had been, for imports, *one per cent.*, and for exports, *half of one per cent. annually.* After the war there was a reaction and our carriage recovered somewhat, but since 1870 our loss has been, for imports, 21.11; and for exports, 31.57 per cent. — about the same as before the war.



Different reasons have been assigned as causes of the loss of our carrying trade, for instance, that it was due to *our use of wooden sailing ships*; to the *British use of iron steamers*; and to the *high tariff* that increased the wages of shipwrights and seamen, but iron ships, the steamers, and the tariff came after our carrying decline was long under way. On this point the following table confirms and supports those already presented:—

## (10) ARRIVALS OF FOREIGN AND AMERICAN TONNAGE.

Years.	British.	French.	Dutch.	Italian.	Swedish.	German.	Other.	American.
1830.....	100,298	4,067	399	.....	3,262	7,148	21,282	967,227
1831.....	239,802	15,914	1,051	554	4,891	13,317	42,427	922,962
1832.....	311,569	26,907	3,140	846	10,181	26,472	44,562	949,622
1833.....	402,730	21,732	1,738	72	14,066	28,554	51,982	1,111,441
1834.....	453,496	23,649	2,011	1,481	13,392	22,265	48,495	1,074,670
1835.....	529,922	15,457	3,112	1,972	15,651	28,218	59,969	1,352,653
1836.....	544,774	19,519	6,199	3,052	23,630	39,525	42,895	1,255,384
1837.....	543,020	26,286	14,628	6,530	25,690	70,703	76,687	1,299,720
1838.....	484,702	20,570	6,436	4,822	8,695	37,538	30,825	1,302,974
1839.....	496,353	22,686	3,384	5,711	17,725	41,139	33,816	1,491,279
1840.....	582,424	30,701	3,629	5,667	15,376	41,874	32,392	1,578,946
1841.....	615,623							1,631,909
1842.....	599,502							1,510,111

Swedish includes Norwegian.

*Our Hardest Rivals the British.* In twelve years above-given the British gain was 499,204 tons, and our own gain but 542,884 tons—in percentage, the British gain was 497, and our own but 56. Taking all foreign tonnage together, its gain was 596,329 tons, or 438 per cent. Now, be it observed, these results of competition occurred under FULL *reciprocity* with *wooden sail ships*, our own being *the best* for business in the world. If the statesmen who advocated and passed the Reciprocity bills could have foreseen these adverse results, such acts would never have passed. We may excuse them for lack of experience. Since 1840–42, however, no Congress, not a statesman, has a right to plead inexperience, but every officer of our Government could have been informed of the facts here referred to, and failed not to comprehend the true cause of decline and of the loss of our navigation. The history of the adverse action of “Maritime Reciprocity” makes it apparent that this policy must be repudiated—absolutely done away with—before any remedy can be effective. This policy makes us now a *British dependency*. Break it up, and we shall

quickly agree how best to regain the place and the rank belonging to our flag at sea.

*The Annulment of Conventions.* The following will illustrate the usual articles for annulment and abrogation of Reciprocity agreements ; without such provisions these agreements could not be made between enlightened nations : —

(Convention of 1827 with Great Britain.)

“ Art. II. It shall be competent, however, to either of the contracting parties, in case either should think fit, at any time after the expiration of the said ten years, that is, after the 20th of October, 1828, on giving due notice of twelve months to the other contracting party, to annul and abrogate this *convention* ; and it shall, in such case, be accordingly annulled and abrogated, after the expiration of the said term of notice.”

This relates to the renewed convention of 1815. To discontinue the *full* Reciprocity given the British under our Act of 1828 will need but an act of Congress ; but the British King and Council can make an Order at any time, as no Convention exists for *full* Reciprocity. But such an Order will never be issued, Reciprocity with the United States, *partial and full*, constituting a *golden fleece*.

(Consular Convention with France, 1853.)

“ Art. XIII. The present convention shall remain in force for the space of ten years from the day of exchange of the ratifications, which shall be made in conformity with the respective constitutions of the two countries, and exchanged at Washington within the period of six months, or sooner, if possible. In case neither party gives notice, twelve months before the expiration of the said period of ten years, of its intention not to renew this convention, it shall remain in force a year longer, and so on from year to year, until the expiration of a year from the day on which one of the parties shall give such notice.”

*Slackness of Our Government.* When we entered upon partial ship Reciprocity with Great Britain in 1815, our vessels had long been carrying 90 per cent. of our foreign commerce. In 1901 the tables were so far turned upon us that foreign vessels carried 91.8 per cent. of our foreign trade, and our own but 8.2. In 1899, in our trade with England, our ships carried, of

value, but 4.73 per cent., while British vessels carried 87.62 per cent. Any of our early Presidents would have invited the attention of Congress to such an imposition on our rights. If a statesman ever reaches the Presidency again, we may expect to hear from him on the subject of Convention vassalage.

Since the days of President Monroe, our Government has been disposed to bestow on foreigners every advantage which they have sought, even to the humble tolerance of injustice, where our shipping has been concerned. In 1892 Sweden and Norway alleged that under the treaty of 1827, article 8, we should not charge their vessels, from any of their ports, the tonnage duty that our own, or, indeed, any vessels, are liable for by law, when coming from the said ports. The Commissioner of Navigation yielded, and issued an order for the collection of 3 cents per ton, instead of 6, on *all* vessels from any port of Sweden or Norway. The President was to blame. The answer to those countries should have been the annulment and abrogation of their treaty, which was limited in time, under article 19, which reads as follows : —

“The present treaty shall continue in force for ten years, counting from the day of the exchange of the ratifications; and if, before the expiration of the first nine years, neither of the high contracting parties shall have announced by an official notification to the other its intention to arrest the operation of said treaty, it shall remain binding for one year beyond that time, and so on until the expiration of the twelve months which will follow a similar notification, whatever the time at which it may take place.”

This entire treaty is not of the least use to *us*, as we have *not a single vessel* affected by it. It is of benefit to rivals only, who have displaced our own ships and merchants by hundreds in our foreign trade. This treaty was *concluded and proclaimed* before the act authorizing its provisions — those of *full Reciprocity* — was passed, though it was *pending*, such was the haste of John Quincy Adams to strip off all ship protection, and give Sweden and Norway a chance to carry for us to and from all parts of the world — greatly increasing their shipping consequence at our expense.

*Impolicy of Continuing Ship Reciprocity.* What can be said in favor of the continuance of our present shipping policy? Changing to it has worked the ruination of our ocean-carrying trade. It has proven itself worse than useless to us, it is adverse and disastrous. It has even ceased to be useful to some of our rivals. Great Britain herself long ago reinforced it with a *mail subsidy system* for the support of steam lines. Every shipping nation, almost, has followed her example. Twenty-two years ago France adopted a bounty system, which many nations have in part imitated; and scarcely a single nation, except ourselves, stakes its rights and interests on the ocean upon the operation of Reciprocity. *The policy is worn out.* Great Britain at this moment is investigating and studying, through a Parliamentary committee, how it will be best to move next in order to maintain her marine, in view of the return of the shipping nations to protection of some kind for this purpose. She was really the first to set the example of this, in the organization of what has been called the "London Lloyds," a ship classification society, in 1834. For more than fifty years the British marine has been under the ægis of their Protection — the best extant. In fact, England never depended on "Maritime Reciprocity;" what she wanted was that other nations should do so.

There is a sentiment in Washington wafted over the Atlantic, that our reciprocity agreements should continue — that "Government aid," "bounty," or "subsidy" is our only resort. The foreign capital that has wormed its way into our commerce and navigation prefers subsidy to regulations of trade. While Reciprocity stands we cannot regulate our trade. The McKinley Administration came in pledged for "discriminating duties," but has given it out since 1897 that "treaties stand in the way." There is really nothing in the way but *fear* of the *displeasure* of England. Since the *conventions* were ratified nearly every one of our rivals, bound with us, have created *new conditions*, and resorted to different forms of ship protection, not interdicted by letter, but forbidden by the spirit of the compact, to cut us out of our carrying trade, while we have stuck stupidly to the letter of the agreement all along, decade after decade, heedless of infringements on our rights. Only a single one of our ruin-

ous conventions has not outrun its time, and that one is wanting in equity.

We have an ample precedent even for the abrogation of a "treaty" that works injustice to our navigation. By an Act of Congress, July 7, 1798, the following treaties were abrogated: "Alliance with France, 1778; Amity and Commerce with France, 1778; Act Separate and Secret with France, 1778; Consular Convention with France, 1778." In 1879 Congress abrogated the "Burlingame" treaty with China. President Hayes vetoed the act, but made a new treaty securing its object — Chinese exclusion.

*Another Precedent.* A convention with Great Britain for commercial reciprocity with Canada was made in 1854. At the end of the term fixed (1864) our Government promptly gave the notice required and annulled the agreement. No difficulty followed. The evil-working maritime convention of 1815-18-27 can as well be nullified as the commercial one of 1854. It should make no difference that the former relates to British shipping, while the latter concerned Canadian trade. We agreed with Great Britain not to exercise the power of Congress for the regulation of our commerce, and consequently our shipping in the foreign trade has been swept away. If we will not now annul this and like agreements and reverse our policy, as the world can see, we must love subordination, and fixed subservience to *British power*.

## CHAPTER XIX.

### THE PRINCIPAL METHOD OF BRITISH SHIP PROTECTION.

*Reciprocity Repudiated.* That the shipping nations — all but our own — have cast off dependence upon Reciprocity — doing nothing for the growth and maintenance of navigation — and have resorted to protective measures, is not now generally denied. It follows that our Government should withdraw its championship of this condemned policy and cease responsibility for the evils which it has produced.

It is supposed by many that subsidies, subventions, and bounties constitute the present foreign systems of ship protection. We shall explain these, but in this chapter shall give special attention to a method strictly English, introduced *sixty-eight* years ago. Few of our people know about this method, or comprehend its want of principle. The author's business experience drew his attention to it forty-eight years since.

*A Rival's Craft.* When the British Government induced our own to give up a moiety of ship protection, on the ground that it would reciprocate, and virtually promised that "reciprocity" or *non-protection* should prevail in the *direct* trade thenceforth, it was assumed, at least in the United States, that fair and honorable competition would be common on both sides. The idea was that *flag* should cut no figure in freighting. It was supposed, of course, that preference would rule engagements in many cases, but very few anticipated that this principle could or would be worked by private endeavor into constituting an effectual system of shipping defense — that only the Government of a country could accomplish actual protection. The unexpected happened, however. Being an older and richer country than our own, England had, or could create, institutions that could take the place of Government. Therefore we have now to describe the

action and review the policy of such establishments as the Society of Lloyds Register Association, and other bodies having power to influence business for the British marine, and to discourage employment for "foreign" ships.

*Nature of Insurance Power.* Of the forces that may be mustered to favor or impede the employment of vessels, underwriting leads the list with ship inspection, classification of rating, registration of character, and sea insurance. Not only hulls, but cargoes and freights — all things at risk in navigation — are the subjects of influence, control, or interdiction. From the laying of her keel, and during the life of a vessel, she is subject to an irresponsible rule which she may not profitably defy. When this rule is lodged with and controlled by a foreign nation, it may work the utter failure of the best-built marine.

The power used is applied through building and inspecting *rules* and insurance *rates*. Beginning with a gentle influence upon new and first-class vessels with moderate premiums for hulls and cargoes, it gains control with time and age, rates increasing meanwhile, until shortly it forbids the making of distant voyages and the carrying of particular cargoes, rates growing onerous meantime; and, finally, it deserts the sea-worn ship in port, and leaves its hulk to idle and decay. This is the ordinary course of marine underwriting in action upon shipping of its own flag. It is a necessary factor in trade and transportation by sea, but having its likes and dislikes, its fancies and caprices, *its hostile discrimination is loss, despair, and death*. Underwriters make general participation in commerce possible, but they can choose the carriers from the fleets of their own flag. They favor large customers, and make what they call "inferior risks," especially those of rival nations, contribute largely to the objects of their beneficence. Using such influence and wielding such power, manifestly a nation's underwriters should be its own. Those of the British nation have always, in rates, favored the shipping of cargoes under their own flag; such being the case, "reciprocity" was, from the first, and is now, a plausible fraud.

*Early Use of Insurance for Ship Protection.* Late in the

fourteenth century the Government of Portugal instituted an insurance system as an encouragement of commerce. At that time John II. was king. This ruler laid the foundation of Portugal's superiority in shipping. His reign covered the period of 1385-1433. On his order, vessels were built for the special purpose of battling with the stormy seas off the Cape of Good Hope, the largest at first not exceeding 300 tons. From the improvements in shipbuilding thus originated, Portugal became the country most advanced in naval art. It was long supposed, even by their rivals, that the Portuguese alone could build ships suitable for voyages to India, which they were the first to accomplish around the Cape.

The insurance mentioned indemnified only for total losses. The premium exacted was two per cent. of the profits of the vessels, with the addition of an advance fee as a quota upon the value of each cargo. The State could scarcely have been fully reimbursed. How long this policy continued is unknown. Nothing of the kind is now extant.<sup>1</sup> As applied to hulls, it was intended to secure the building of a new vessel in place of one lost, and doubtless helped the spread of Lusitanian colonies and commerce over the world. It is thought this policy of King John may have been suggested by the English navigation law of 1381. That protected English shipping by compelling English merchants to employ English vessels in the *export* trade. In turn this Portuguese policy may have prompted English underwriters, after the wars with Holland, to protect English shipping by inspection and insurance, discriminative against foreign vessels, from then to the present time.

*Origin and Purpose of Lloyds Register.* The Society of Lloyds Register of British and Foreign Shipping was organized in 1834, its directorate consisting of shipowners, merchants, and underwriters of Lloyds Exchange in London — eight persons of each class. Previously for many years there had been two registers, in opposition, one of them said to have been partial to shipowners — those probably of London. At this time the West India question had been settled. American competition under the "reciprocity" then extant between the two nations

<sup>1</sup> This plan of ship protection has just been revived by Russia.



seemed stubborn, and the British felt the need of an agency to control it, or some sort of protection against it. They believed with Admiral Monk. Asked in 1665 the cause for the war then waging against the Dutch, he replied, —

“What matters this or that reason? What we want is more of the trade which the Dutch now have.”

As an institution of quasi-government, the London Lloyds is unique. It has been common for British shipping writers to dedicate their works to this Society as “an extraordinary, but eminently English, association” deserving of studied compliments. These are doubtless encouraging to the Committee whose victim is the “foreign” ship.

The foundation for proscriptive power is laid in the rules for building, inspection, and classification, and in a discriminative system of rates for underwriting hulls and cargoes. When the rules were made, only wooden vessels had existence. The aim was not to grade capability with regard to the perils of the sea, but to characterize the “intrinsic qualities” of vessels, which, of course, were governed largely by the *cost* of building and repairing, rather than by skillful designing. In other words, high class (and low rates) in Lloyds Register represented *cost* rather than sea-going capability. To this feature was added the condition of being British-built, and especially of British materials. Nothing “foreign” has ever received the highest rating from the Lloyds. Under this régime there was, of course, a high cultivation of national conceit and administrative prejudice, easily converted into active antagonism with respect to foreign shipping. While there was no justice in this discrimination, much ship protection was evolved from it, and, in our case, the rout of a rival.

*Metal Ship Classification.* When iron shipbuilding came about, it was sought to inspect and class its output on the “intrinsic quality” principle, and to set a “rating” of *years* to express durability, the same as for ships of wood. This plan ere long had to be modified, as some vessels had but brief endurance. The “intrinsic” system remains, but “rating” is not given. More than 10 per cent. of metal-ship losses find place in the list of “missing” — all hands lost. Nevertheless, the

Lloyds made the British-built iron ship the standard for the world's carrying trade. Metal vessels are now classed by Lloyds as 100 A, 95 A, 90 A, 85 A, 80 A, or 75 A, according to the tables of scantling by which built. Wooden vessels continue to be classed and rated in "years," hence the facility is greater for discrimination against wooden than iron or steel ships.

Wooden shipbuilding admits the choice of a great variety of material, some of it more durable in salt water than iron or steel. The policy of Lloyds has been to keep down the rating of timber produced in the United States and to elevate that of British growth. To this day, our matchless white oak of New Jersey, Maryland, Virginia, and North Carolina is graded the same in years as the growth of Canada, which is allowed but two thirds the time of British oak; ours of the Coast States, or any district south of the Ohio River, being superior in strength and durability to any variety of British growth. To this day, also, Lloyds have never appointed surveyors to inspect *wooden* vessels in course of construction in this rival country of ours, though they have sent them to all other countries, and this discrimination was practiced before iron shipbuilding became an industry in England. From the first, a standing rule to give no vessel a full class, if not built under survey, has been in force, and also another rule — to grant the character A to no vessel, unless her date and place of building are made known. These needless distinctions and regulations, with others like them, betray their only object — the protection of the British marine.

*Force and Rigor of Lloyds Rules.* The British recognize Lloyds rules as having the force of an act of Parliament, and congratulate themselves that their operation has been beneficial to their own shipping, while their rigor has hurt foreign navigation. These rules have the nature of the upas tree — for the natives of Java, bread; for their enemies, arrow-tip poison. The best-built American ships never received justice. Rigor was given instead, that idleness might result, and ruin follow idleness. If the United States had not agreed with Great Britain to desist from legitimate ship protection, and to open all our ports to free freighting, on condition, implied if not expressed,

that *mutuality of benefits* should result, perhaps little complaint could be made of the Lloyds — a government within a government irresponsible and despotic. A machine set up after the compact was made to do the work that Parliament had been bound not to do, viz.: the protection of British shipping. It was not that British underwriters wanted to insure the hulls of American ships that Lloyds inspection and classification was proffered to any visiting a British port. It was rare, indeed, that a British policy covered an American hull. The purpose was to mark the American ship with *inferiority* in the register, thereby to prevent ready employment and full rates of freight. And yet, in order to get cargoes that were bound to be covered by British insurance, it was necessary to hold a class of some grade in Lloyds Register. This was not the free freighting agreed for in the London Convention of 1815–18–27, or in the act opening the West Indies, which were virtually evaded. And previous to 1854, only foreign vessels trading to Great Britain could get inspection for Lloyds book, sometimes styled the “Book of Life.”

*British Underwriting Policy.* As may be understood, Lloyds inspection system laid a foundation for a discriminative underwriting policy highly protective of British shipping, but severely hurtful to “foreign.” Of the different inducements which control the choice of vessels for charter only flag itself has at times more influence than insurance rates. If these are higher for cargoes in old vessels than in new ones; in vessels of wood than of iron or steel, and in sailing ships than in steamers, then, other things being equal, the new, or the first class, or the metal, or the steamer, is *preferred*. It follows that the old, the second and third class, the wood, and the sailing ship must offer for a *lower rate* of freight or go idle. Offering for it, however, is *not getting it*. Taking advantage of these facts, since 1854 the Lloyds Exchange, in lead of British underwriting, have enforced a policy of insuring cargoes in iron or steel ships cheaper than in wood for all voyages, and in steamers than in sailing vessels, except in the longer voyages. The object of these discriminations is manifestly the protection and fostering of metal and steam tonnage, hitherto the product,

chiefly, of British industry, but especially so at the time of their adoption, and of relatively greater cost in the United States, where the wooden sailing ship has long been the cheapest and safest carrier in ocean commerce.

*Lloyds Warfare on Wooden Ships.* Who has not heard of the open war of Lloyds upon American ships? A discrimination against the wooden sailing ship would, of course, result in the extinction of American shipping power. Destroy the character of the wooden ship, and our navigation was doomed, should we find it too expensive to build of metal. With protection we could have done so, but we were bound to non-protection. It would be foolish to buy of England, and meanwhile to lose our naval skill. England was the "iron country," the "States" only a wooden country, discrimination would effect the capture of our commerce and carrying trade, and why should not the war be undertaken?

Investigation of the utility and comparative merits of iron and wooden ships, particularly those sailing in the grain trade of our Pacific ports, 1881-1885 and 1899, bears out this view. The performances in more than sixteen hundred voyages in this exacting trade, embracing the ships of all nations engaged in it for five years, have demonstrated that the average American wooden ship not only had no superior, but excelled the vessels of other flags in every point—in size of cargo, *cheapness of carriage*, celerity of voyage, efficient performance at sea, safety of hull and cargo, and in turning out the lading in good condition at destination.<sup>1</sup>

*Results of Discrimination.* The insurance rate on cargoes in British iron ships was 2 per cent. On cargoes in American wooden ships, however, the rates ranged from 2.5 to 2.75 per cent. or more; whereas on the average ship, from a fair computation and full account of all cargo losses on passage, the average premium rate should not have exceeded 1.4 per cent. Doubling the equitable rate of insurance necessarily reduced the number of engagements and the rate of freight. American ships outsailed British, but often it happened that British could

<sup>1</sup> See the Author's work, *American Marine — the Shipping Question in History and Politics*, Houghton, Mifflin & Co., Boston, New York, and Chicago.

get and deliver *three* cargoes while American could get and deliver *but two*, and at much lower rates of carriage. This peculiar warfare, continuing for years, could not result otherwise than in driving our shipping out of employment. Last year there were but *three* American sailings out of 357 total. Our uninformed people, our statesmen, and our Administrations have assumed that our superior ships were inferior to British *in natural competing power*, and their failure could not be helped, but the place where they failed was not on the ocean in the performance of duty, but before the partial bar of Lloyds, and in the halls of Congress.

*Facts about "Iron vs. Wood."* In pursuing our inquiry as to the course of Lloyds, we may usefully consider that once much discussed question of the "substitution of iron for wood." Not "natural selection," but the practice of adverse underwriters effected this result. This policy was suggested by circumstances. First, the wonderful success of "clipper" shipbuilding in the United States, and the consequent rapid extension of our carrying trade, due mainly to gold-mining in California and Australia; second, wooden vessels, for want of native timber in England, had to be constructed there largely of imported stock. Many American ships, especially of the clipper class, were being employed by British merchants. Recognizing that foreign dependency in shipbuilding imperiled the national welfare and lessened its security, they concluded to build *at home* A BRITISH SHIP, both for commerce and for war. Accordingly, in 1854, the Lloyds Society raised the insurance rating of iron-built vessels to double its previous figure, and to *equality* with wooden — namely, from six years A 1 to twelve years A 1 — if built by the rules then laid down. On the strength of this change, wholly arbitrary, without warrant in experience, British underwriters, with unanimity, instituted and carried out a policy of discrimination in premium rates, favoring iron hulls and their cargoes at the expense, in consequence, of wooden vessels and their cargoes.

*State Policy of the Iron Ship.* Parliament itself could not have carried out the shipbuilding reform executed by the Lloyds. Their policy effected a double substitution — of iron

for wood, and of British vessels for American, in many trades. The merits of materials did not call for consideration. The only question was of state policy. It was not only desirable, but urgent, to mine the ore at home, make it into materials in their own mills, and build with native labor a truly British vessel, and, then, to proclaim her *superiority*. Shipbuilding is a military art. The nation that would rank and rule the world *must build her own ships of her own materials* at whatever cost. This, Egypt, Carthage, Spain, and Holland could not do. Without this key to sea power, when they fell, they could not rise. The Americans were already building 40 per cent. of the new tonnage used by British owners. Britain's true policy, it can be plainly seen, was to encourage, protect, and perfect metal shipbuilding, and even to condemn wooden, trusting that wood shipbuilding nations would sleep while she worked. But what was our policy? Or did we have any? Apparently, our Government thought England was loyal to "reciprocity" — doing nothing to promote navigation.

As an art, iron shipbuilding did not even compete with wooden when public policy, patriotic sentiment, governmental patronage, and the underwriting power of Great Britain supplied to it the breath of active life. The success of the experiment should have been a lesson to our Government. We, too, could have put *iron ships* — steamships, any kind of vessel — upon the ocean just as well as the British, though not under our present policy. Great Britain invoked a new kind of *protection*. We could have resorted to the old form, and compelled her to give our vessels fair play — or no trade. But England counted with confidence upon our moderation, lenity, and inactivity. *Therein is our disgrace*. Our shipping interest was powerless to help itself — held like a lamb for the sacrifice. Witness the facts of the loss of our trans-Atlantic carrying trade through a cunning move of Lloyds.

*Power of Lloyds exemplified.* In 1865, when the civil war had closed, our percentage of export carriage was down to 26.1; in 1866 it had risen to 37.7, and for the period of 1866–70 held an average of 37.2 per cent. The same year had an import carriage of 29.9. This fell to 25.1 in 1866, but in years fol-

lowing recovered, and the period 1866-70 averaged 30.1 per cent. Apparently, we were recovering lost ground, and by the favor of Congress, *possibly*, we were destined to see our marine restored and for future time *protected*.

There had been a great increase of commerce—about 31 per cent. — over the period of the war. The greater part of the gain was in exports, and British owners thought too many cargoes were still carried by wooden ships which we continued to build, and which cost less than the British had to pay for iron. The depredations of the *Alabama* and other British-built, armed, and mostly manned cruisers had not been as destructive as they had hoped; in a few years, American builders might replace all the vessels destroyed and “sold foreign”—a tonnage much greater than we have to-day in foreign trade; and American commerce might again be carried chiefly by American ships. What could the shipowners of England do about it?

From 1854 to 1870 our wooden ships had been admitted to Lloyds Register, underclassed and underrated. They were subject to higher insurance rates, both for hulls and cargoes, than if British-built and owned, but American owners had found it useful to get Lloyds's class, to increase the chances for employment, although the adverse discrimination obliged them to accept lower rates of freight. The evils of this course were partially met by building and sailing *larger* ships to earn the same amount as smaller British. Our competitive power was not entirely wanting. In 1870, however, the Lloyds made a rule refusing classification and registration to “foreign ships” (wooden), except for a year at a time, and then only on “special” survey. This new discrimination, intended to stop the purchasing and chartering of wooden vessels, and to induce the preferential employment of British iron, was aimed at American ships, particularly those in trans-Atlantic trade. For six years following 1870 our vessels, virtually excluded from Lloyds Register, were degraded and decried for British, or even American employment with cargoes to British ports. It was even attempted to make owners of cargoes believe that the articles would bring a higher price in British market, if unloaded from a British ship.

## LLOYDS SUBTLE RULE.

*"Foreign-built Ships (wood).* It having been deemed desirable that foreign-built ships, which have not been constructed in accordance with the rules of the society, should nevertheless be entered in the register book with a character of efficiency, if their *condition* be such as to entitle them thereto, the following regulations have been adopted for their survey and classification, viz. : —

"Foreign-built ships which have not been constructed in accordance with the rules and have not been surveyed by the surveyors to this society while building,<sup>1</sup> for which the owners are desirous of a character of *condition* or efficiency for sea-going purposes, will be surveyed for entry in the register book on application being made to the Committee in writing, stating the name of the vessel (and if at any time she had any other name such is to be inserted in the application); likewise, where and when she was built, and her length, breadth, depth, and tonnage (whether British or foreign)."

The committee will then direct a special survey to be held by two surveyors, to be appointed in every instance by the committee, one of whom at least shall be an exclusive officer of the society, and the ship submitted to a compliance with the under-mentioned requisitions of survey, viz. : —

"In all cases the ship must be placed in dry dock or laid on blocks, so that the keel and bottom may be seen and properly examined; the hold to be cleared and proper stages to be made both inside and outside; the limbers to be cleared, bolts and treenails to be driven out at different parts of the ship and in sufficient number to enable the surveyors to ascertain her condition. The beam ends in ships of four or more years old must be examined by boring. The surveyors must then examine and report upon the ship as to the state of the timbers of the frame (where examined), planking (inside and outside), decks, waterways, beams, knees, keel, keelsons, stem, apron, hawse timbers, knightheads, breasthooks, transoms, rudder, and windlass, the sheer and general form of the ship, particulars of materials and scantlings (so far as they can be ascertained), and spacing of timbers and beams,

<sup>1</sup> The largest and best wooden ships were American built. All improvements in the art were American. Rules of Lloyds would not produce abler vessels. There being no Lloyds surveyors in the United States for wooden ships, they did not fill this requirement. A character of "condition" is no character at all.



thickness and shifting of plank, mode of fastening, sizes and condition of bolts and treenails, and state of calking in all parts of the vessel.

"Survey No. 1. — If the ship is less than four years old, a listing of not less than 4 inches wide and equal to one fifth of the length of the ship on each side, to be cut out below each set of clamps or shelves in such parts as the surveyors may require, sufficient to enable them to ascertain the size and condition of the frame."

"Survey No. 2. — If the ship is four or more years old, she must be scraped bright from the light water mark upwards, including the planksheers and waterways, and a listing of not less than 4 inches wide must be cut fore and aft below each set of clamps or shelves, and at the bilges, at the discretion of the surveyor, and a short listing outside at each buttock. This must apply to all ships of four or more years old, whether they have had the listing previously cut or not.

"If after such examination all repairs are done to the satisfaction of the surveyors, so as to enable them to make a favorable report, a class of efficiency will be granted by the Committee, and entered into the register book, which class will be retained *for twelve months only*, unless it shall be made to appear by the owner that the ship has not been in any port in the United Kingdom during that period; but in no case will it be continued for more than *two years* unless the vessel be re-surveyed as above; but upon each re-survey the openings described therein will not be required to be repeated within a period of four years.

"There will be three designations of condition, or character, distinguished thus: 1F, 2F, 3F, (First, second, and third class, foreign).

"1F denotes ships which are found on survey to be of a superior description fit for the conveyance of dry and perishable goods to and from all parts of the world.

"2F denotes ships which, although not equal to the foregoing, are nevertheless found on survey to be in a good and efficient condition and fit for the conveyance of dry and perishable goods on shorter voyages.

"3F denotes ships which shall be found on survey fit for the conveyance of cargoes not in their nature subject to sea damage.

"It is to be distinctly understood that the foregoing regulations will be confined in their application to foreign built ships." (Lloyds Rules and Regulations, 1870, pp. 43, 44.)

*III Consequence of these Regulations.* This rule stood for six years — long enough to effect its purpose, the wresting from us of the *Atlantic export carrying*, principally of cotton, grain,

and provisions. In two years' time import carriage fell off from 33.1 to 26.8 per cent.; export carriage, from 37.7 to 29.8 per cent. Necessarily, shipbuilding largely declined. Practically, *our shipping back was broken*. British iron steamers took the places of American wooden sailing ships. The greedy owners overloaded their "tramps," and many never reached Europe. Our ships applied for entrance to the "French Lloyds" or *Bureau Veritas* Register, and deserted the British Lloyds entirely. For continental Europe, the "Veritas" had long been a standard register book. Ships of all nations got justice in surveys and classification in it. It was ever an independent authority and never the tool of government for the carrying out of a policy — until after France adopted the bounty system, and now the "Veritas" is a *French* book, though honest in its international work. In fact, this unfair conduct of the British Lloyds resulted in almost all the nations of Europe establishing marine registers of their own, while the arbitrary management of Lloyds has brought into existence a second register book in England itself, for the second time.

A few years before this movement of Lloyds, to drive our shipping out of use *in our own trade* (an American register book having no standing with British merchants), the export of California grain to Europe had begun, and was year by year fast increasing. Securing characters in "Veritas," our ships betook themselves to this new trade. The British could not follow them into it with iron steam "tramps," and they had to tolerate American vessels — *the very same they virtually rejected from their Lloyds book* — until they could build iron sailing ships. Meanwhile, their underwriters covered cargoes in these rejected ships, making a virtue of necessity.<sup>1</sup> More astonishing still, when the Lloyds rescinded their subtle rule in 1876, they actually invited our owners to bring back their ships. This was not done, however, and to-day an American wooden ship is scarcely to be found in their register book. We have an American book — The "RECORD" — this and the "Veritas," receive, as they deserve, the patronage of American owners.

<sup>1</sup> We shall see later on how the British managed to drive our perfect ships out of California trade.

*Our Remissness.* While these events were passing — our vessels being driven off the ocean — what did Congress do about it? *Nothing at all.* Our shipping interest was outrageously treated; reciprocity promises were disregarded; national rights were violated, for justice to our shipping is one of these; but not a finger of Government moved in defense. No *Madison*, no *Monroe* was there! The Administration did collect some “Alabama claims,” but not a word did it ever say to England about the indefensible attack of *Lloyds*, and our equitable claims for the capture of our carrying trade. This was not the kind of government intended by our “closer Union” and the Constitution, or the sort to become much of a “world power” — think of a world power without a marine, and an ample navy to defend its rights! willing and ever ready to secure those rights by

“The dark menace of the distant war.”

Again, think of a “world power” whose administrations put off the “shipping question” for decade after decade, hesitating to reform a ruinous policy in deference to foreign sentiment, virtually leaving it to our rivals whether or not an American marine shall navigate the seas again — in fact, whether or not *the courage* shall be mustered to dismiss the foreign, and employ the American ship!

## CHAPTER XX.

### THE DEVIOUS WAYS OF BRITISH SHIP PROTECTION.

*Condemnation of Reciprocity.* From their conduct of late, it is manifest that all foreign navigating nations have determined to depend in future upon the principle of self-defense for the existence and employment of their shipping. January 30th last, the Premier of New Zealand announced that the Government of that Colony was prepared to give preferential treatment in the shape of *rebate duty* to British goods, carried in British ships. Other Australian colonies are desirous of securing marines of their own, but not one of them has ever sought "reciprocity" as a means to the end. The world seems to know that the protective principle alone can build up any interest or industry. It is therefore clear that progress demands the condemnation of Reciprocity, and, for ourselves, the annulment of every convention that binds us to open our ports to any nation that would destroy our shipping to make a place for their own.

Continuing our studies of British ship protection, and its relation to the wasting of our marine, the following instance will be found instructive : —

*Illustration of Lloyds Protective Power.* On the first of January, 1850, the British Act of 1849, permitting the nationalization of foreign-built ships, came into force. The shipping interest in control of Lloyds disapproved this act, believing that it would reduce British freights. Moreover, that it would encourage American shipbuilding, and perhaps increase American shipowning. Therefore they would invoke Lloyds protection. It has been assumed by some economists that the British immediately, on the act coming into force, began the purchase of our vessels, but they did not, because Lloyds inspectors condemned *locust* wood for treenails in high-class ships. Any British owner

wishing to avail himself of the "free-ship" act, by buying American-built vessels, was compelled to *re-treenail* them with *English* oak or submit to a low class in Lloyds Register. This meant higher insurance rates, both on hulls and cargoes. The substitution required would cost about 20 per cent. of the price of a new vessel in the "States," and really decrease her intrinsic value. This arbitrary and unfair inspection lasted until 1854, when rules for iron shipbuilding were first made; after that, the surveyors getting fresh directions, locust treenails passed all right — no others were better. Our statistics of vessels "sold abroad" corroborate the foregoing facts, so we insert a short table.

We have always sold abroad more or less tonnage, chiefly to backward or non-shipbuilding nations, sales occurring most in "dull times." We sold more tonnage in the period of 1826–29, and nearly as much in the four years before the Act of 1849 as during the four years after it.

(11)		TONNAGE "SOLD FOREIGN."			
Years.	Before the Act. Tons.	Years.	After the Act. Tons.	Years.	1826-29. Tons.
1846 . . .	10,932	1850 . . .	13,468	1826 . . .	13,994
1847 . . .	16,969	1851 . . .	15,247	1827 . . .	19,043
1848 . . .	12,456	1852 . . .	17,921	1828 . . .	14,678
1849 . . .	12,621	1853 . . .	10,035	1829 . . .	14,093
	<hr/> 52,978		<hr/> 56,671		<hr/> 61,808
Average	13,244		14,167		15,452

From this act one might suppose the ship market abroad to have doubled in extent. It would have doubled, had not the Lloyds policy prevented.

After the rules for iron shipbuilding were made in 1854, the Lloyds found it convenient to accommodate British purchasers of American ships (who had been chartering all along), so the rule for fastening was construed aright, and sales were effected thenceforth. These were kept in check, however, by other unjust discriminations, and by the custom of chartering for single cargoes. By this course, prices for American vessels ruled low; after one became British property, however, some trifling changes might be made, a survey demanded, and the class *advanced*, depending on the good will of the Committee.

While a few ships were specially built for British owners, the greater number sold to them before the Civil War had been in use. After a while our owners wearied of the handicapped competition created by Lloyds discriminative policies, and seeing that our Government was not likely to procure fair play, many of them sold their vessels "foreign" and quit the sea. These were the days of "cheap ships," but only foreigners bought them.

Here is recent evidence of Lloyds protective power : —

"Belfast, Nov. 18, 1900. — A lot of 700 tons of ship plates, made by the Lukens Company, of Pennsylvania, have been rejected by the consignees. It is said that the plates failed to reach the requirements of Lloyds surveyors."

Thus are British plate-makers to be protected against American manufacturers. No tariff is necessary. And the rejected plates, sold after condemnation, having the merit of "cheapness," may be used all the same.

*Our Government informed of Lloyds Impositions.* Our Government has been advised of the impositions of the Lloyds. Our consuls abroad have often reported upon the situation. We will quote from a single letter of U. S. Consul Morey, of Ceylon, written about twelve years ago : —

"To my knowledge, for a period of twelve years, and in a great measure even to the present day, beautiful and stanch American vessels have been unemployed in foreign ports, or accepted of freights too low to much more than pay expenses, while crank old foreign crafts, just at the tail end of a high class and prone to damaging their cargoes, have loaded for the United States at high rates with cargo bought with American money on American orders, and simply on the plea that being classed at Lloyds the rates of insurance were largely in their favor.

"How much our own merchants were to blame for this, inasmuch as they allowed their goods to be insured in foreign offices instead of their own, I am not prepared to say ; but I know that as soon as invoices began to contain the clause 'Insurance provided for in America,' our ships were sometimes able to pick up some of these freights."

Other consuls in different ports have written our State Department of the existence of rings or trusts that prevent our

vessels from getting cargoes in foreign ports, but we have no Administration that has paid any attention to such information, further than to print it.

*Lloyds Offer to suggest Persons for American Consuls.* Reports like that of Consul Morey have never been acceptable to Lloyds clientèle. How to manage their suppression was not clear. Finally, Lloyds Committee sought to enter a wedge for the control of appointments of American consuls. The following letter, furnished by the late Mr. Charles S. Hill, is on record in our State Department:—

["Seal of Lloyds."]

"LLOYDS, November 14, 1882.

"SIR:—I am instructed by the Committee of Lloyds to inform you that in every port in the United Kingdom and *other countries of the world* there is stationed a Lloyds agent. These Lloyds agents are selected for their respectability and commercial capacity by a committee consisting, not only of members of Lloyds, but also of the representatives of the marine insurance companies of London, as well as the Shipowners' Association and the Underwriters' Associations of Glasgow.

"It is thus believed that the amount of experience and knowledge of the Committee answer that Lloyds agents so selected are most respectable and capable in every way.

"I am accordingly to suggest to you that in making the appointment of consular or vice-consular officers at the various ports of Great Britain and Ireland it might possibly be desirable that when all other claims are equal *a preference* should be given to Lloyds agents; and I am to say that should you see your way to the adoption of this suggestion, the Committee of Lloyds, in case of any application to them, will be most happy to afford you confidentially the most complete information in their power with regard to any of their agents respecting whom you might wish to inquire.

"I am, sir, your obedient servant,

"HENRY M. HOZIER, *Secretary.*

"TO CONSUL-GENERAL FOR THE UNITED STATES,  
"53 Old Broad Street, E. C."

*Significance of Lloyds Letter.* When it is known that only members of Lloyds are allowed the benefits, protection, and information furnished daily by agents appointed for the purpose ; and that British consuls are allowed to serve as these agents, and also for the British navigation companies ; and that a member of Parliament is always the Chairman of Lloyds Association, the artfulness of the suggestion contained in the foregoing letter may be appreciated. The Lloyds were even then hindering the employment of our ships. Only six years before they had been applying a rule — the one of 1870 — to work the exclusion of our vessels from their register book, and a measure was pending in Congress to put our shipping under *bounty*. The motive could not have been disinterested. However, the suggestion was not accepted, though ten years afterwards, at Sydney, Australia, a man serving as American consul there, to the writer's knowledge, replied to an inquiry of a Treasury bureau, relating to insurance discriminations (sent through the Secretary of State), in a manner befitting an agent of Lloyds. He fairly scouted the idea of American ships offering for coal cargoes to San Francisco — while British shipping abounded. Of course, the discriminative insurance prevailing sent our ships home in *ballast*.

*About Consul Jones.* But there is a better case of a spurious consul than the foregoing. Consul Jones, of Cardiff, Wales, in answer to the inquiry just referred to, desired to have it believed that the British people did not practice *patriotism* in business, but, inadvertently, he gave a list of British flag *preferences*, with American ships ranking *third*, "for reasons which are fairly on the surface," as he alleged. Nor is his pleading to the well-founded impeachment made good by a confession that "insurance may be effected at a lower rate in Continental companies than in those in the United Kingdom," but, nevertheless, the British patronize their own. The reason for this, says Mr. Jones, is "conceit." The British combine, not only an instinctive, but an enlightened selfishness, which indicates patriotism as a duty and independence as a philosophy. To support and defend *their own* and to rely upon themselves, whether it be in underwriting, in navigation, or in the power



of their Government, no people have a stronger disposition. Preaching the inferiority of everything "foreign," they pay more for their own productions than for foreign of better quality.

British-built, or British-owned, or British-insured, makes a ship acceptable on the "Exchange." Witness the market reports ; note the flag of ships chartered and of those left idle ; mark the higher rates of freight paid British than foreign ships in every British-controlled trade ; and take not Consul Jones's word alone, but that of others, and reports of British papers, that marine insurance is cheaper in Continental than in British ports, but loyal Englishmen prefer to deal at home. This is not all. They require their Government, their institutions, and their press, to withstand and to strive against the advancement of rivals, even to the verge of war.

The latest report from Consul Jones, of Cardiff, was (in 1892) that *he had renounced his American allegiance, returned to his British obedience, and was a candidate for Parliament.* As he acquired "respectability," he may have risen to be an *agent* of Lloyds. How is it that foreign adventurers find ready access to our consular service, where they can bring our ship-ping as well as our politics, into disrepute ?

*Interference of a Lloyds Agent.* Let it not be supposed Lloyds aggressive course has concerned our wooden sailing ships alone ; our iron steamers have been attacked. In 1874 the Pacific Mail Steamship Company, of New York, had built by the late John Roach, of Chester, Pa., for trans-Pacific service two 5000-ton steamships of the first class by Veritas's rules and inspection. These were as stanch ships as any of their time, wherever built. One was named *City of Peking*, the other, *City of Tokio*. When twelve years old the latter was wrecked on a reef ; the former, 28 years old, still runs on her route to China. In his "History of American Shipping," 1884, Mr. Charles S. Hill makes the statement following, as to the *City of Peking's* punishment for being American-built : —

"The grand American ship, the *City of Peking*, was so misrepresented and vilified by British Lloyds agents in Asiatic ports that her owners were forced at Hong Kong to the expense

of docking, etc., when there was nothing found to justify the action but rivalry and prejudice. (This was at the end of her first trip over.) The writer is personally aware that insurance was then cabled from American insurance houses and the confidence of shippers restored. The blackmailing process, however, did great harm at the time, although she is to-day the peer of any ocean steamship. *It is this defamation in rivalry that drives freight from American ships. . . .* Lloyds agents are the officially patronized agents of the British Government, such agents very generally being the regular consular corps of the United Kingdom, as, in fact, paragraph 20 of British Consular Regulations directs that their consuls act in such capacity."

Such are some of the ways of British ship protection. Had American consuls or agents of any kind been guilty of similar conduct towards British ships, the roar of the Lion would have been heard around the world. Our murmur was not audible.

*Doings of a British Insurance Trust.* To monopolize the carrying in the Pacific coast grain trade has long been the object of British ambition. This is a sailing-ship trade that came into notice in 1867. As it developed, it formed to some extent a substitute for the North Atlantic carriage, out of which the Lloyds drove our ships by a new rule of inspection and classification, as already shown. At first American vessels predominated; soon the English flag became more and more conspicuous, and several other foreign nations entered the trade. After ten or twelve years' time American ships could command only one third of the cargoes. This was the proportion in the early 80's, but did not long continue. Declension was the decree of the British underwriters, and had been for years. Ruin and extinction were going steadily on under their policy of discrimination, but a few Americans continued building bigger and better ships, and many of those in the trade, with their excellent reputations for safe and speedy passages, were hard to kill. They carried cheapest and got loads at times. What could be done to supersede them?

*The Wheat Tariff Association.* Manifestly, organization must be effected. The "Wheat Tariff Association" appeared. It was an underwriters' combination or "trust," and its object

in large part to drive out of employment the American fleet still clinging to the Pacific coast grain trade. Sixteen companies of London and Liverpool, having agencies on that coast (and many in Atlantic ports also), closed an agreement June 1, 1891, to write no risks by sea from San Francisco, Columbia or Willamette rivers, or Puget Sound to ports in Europe, except on terms and conditions set forth in the compact, which will be found quoted in full in the author's work on "American Marine." The companies in this "trust" are given as follows:—

"Group I. British and Foreign, London Assurance, The Marine, Commercial Union, London and Provincial, Thames and Mersey.

"Group II. Alliance, Indemnity, International, Maritime, National, Ocean, Reliance, Sea, Standard Union."

"Insurance at home or abroad accepted by any of the companies signing this agreement shall be shared as under: £6000 on cargo shall be reserved by the company insuring the cargo; six tenths of the remainder shall be equally distributed amongst the Companies in Group I., and four tenths amongst the companies in Group II."

A committee was invested with power to settle all questions arising. Rates were established for cargoes only. "California, on wheat, by first-class iron or steel vessels (as defined below), to United Kingdom, Havre, or Antwerp, direct or with leave to call at a port in channel for orders,  $1\frac{1}{4}$  per cent." Same cargo, destination, and privilege "by wooden vessels (as defined below), 2 per cent." "From Columbia or Willamette rivers and Puget Sound, by metal ships, 2 per cent., by wooden,  $2\frac{1}{4}$  per cent.; carrying wheat or general cargo, canned goods, etc., to United Kingdom, Havre, or Antwerp, with calling privileges, 2 per cent.; by wooden vessels,  $2\frac{1}{4}$  per cent."

The average discrimination on a cargo worth \$80,000 was \$200 in each case. While this sum is not large, advantage is always taken of the fact that it is demanded. Our ships have never been allowed to pay the difference, but it has been made an excuse for a cut in rates of freight varying from 5 to 25 per cent., if an engagement were made at all. Adverse discrimination was not new; it had been in vogue forty years. But it was an *entirely new* discrimination that was relied on to complete the monopoly. It was agreed that, for the purposes of the compact, first-class vessels shall be "defined" as follows:—

*Arbitrary Classification by Age.* “(1) Iron vessels shall not be more than 25 years old at the commencement of the risk. (2) Hardwood vessels shall be considered as first-class up to *two* years prior to the expiration of their original classification, provided they are not more than two years on their metal at the commencement of their risk. (3) Softwood vessels shall be considered as first-class vessels up to *five* years prior to the expiration of their original classification, provided that they are not more than two years on their metal at the commencement of the risk. (4) All other wooden vessels shall pay an additional premium of not less than one fourth per cent.”

*The Injustice suffered.* It has always been usual to consider those as first-class vessels that could show a certificate to that effect from the British or the French Lloyds, the American “Record,” or other authority. The “Wheat Tariff Association,” however, required for its work *its own rules* and its own agents to apply them. Sea qualities, strength, state of repair, reputation, and other elements were to be ignored, *and age alone* regarded.

(1) When the British Lloyds rated iron vessels of the first class for *time*, the best were given 12 years. Afterward another Register fixed an extreme of 20 years, but many did not prove fit for so long a term and were disrated, some of them in Veritas, at as low an age as 7 years. Knowing facts like these, the “Association” fixes, nevertheless, an extraordinary rating of 25 years.

(2) The best hardwood vessels have been rated from 12 to 14 years, with a chance for two or three years extra, depending on methods of build, etc. Under the rules of the “Association” 8 or 10 years would be their limit, whereas such ships are fully the equals, often the superiors of metal at any stage of life.

(3) The best softwood vessels are built on the Pacific coast of yellow fir. Their strength and durability entitle them to a rating of 10 or 12 years, first-class. They may be kept in as safe condition after that as any metal-built.

The result of the unjust discrimination thus established by a coterie of insurance companies was to run many able and successful American ships out of work, to make room for more British ships, to raise the rates of freight, and to discourage the building of any more American wooden ships for the grain or

flour trade of the Pacific coast. Fifteen to twenty years ago our ships made *over a hundred* voyages annually in this trade, — last year they made but *three*. It is against such imposition that American shipping needs protection. Such foreign corporations should cease to do business in the United States.

*Undeniable Evidence of Discrimination.* It has been denied that British underwriters ever conspired to injure American shipping by unfair discriminative rates or otherwise, but here we have the proof, over their own signatures, of a formidable "trust" organized for injury and monopoly. The old dislike of American ships and their competition is given a more hostile form than ever before in a time of peace. Besides this, insurance rates were raised 16.66 per cent. for cargoes in metal ships. The full discrimination against wooden ships is, for cargoes from California, 29.41 per cent., and from Oregon and Washington, 26.31 per cent., in "first-class vessels." In "all other wooden vessels," from California, 41.17 per cent., and from Oregon and Washington, 36.84 — practically prohibitive, and intended so to be.

The agents of this "trust" first denied the agreement, then sought to keep its terms private, but "Fairplay," a British shipping paper, published the compact complete, and the efforts at concealment were vain. Some may say, shippers should get American insurance; charter the cheapest carriers, especially as they happen to be our own; take our products to market under our own flag, and not patronize foreign underwriters, if they deal unfairly by our shipping. Innocently said. Where are now the American Underwriters we should interest in this matter? What power remains to them — they were powerful once — to handle the great volume of our foreign commerce? American underwriters are about as impotent and wanting as is our decayed marine, for this important work — this, too, in consequence of "Reciprocity." Subsidies to ship-owners would never revive our underwriting power.

*Insurance Discrimination as a Policy only.* That there is no just ground for *age* discrimination may be readily shown. Besides, the question is not about hull, but cargo risks. But, in regard to the endurance, sea life, and survival of vessels, the

author's investigations<sup>1</sup> enable him to affirm that American wood sail shipping, in general, is worthy of greater confidence than British iron or steel:—

Superior wear by . . . . .	23.10 per cent.
Longer sea life by . . . . .	29.92 per cent.
Greater survival by . . . . .	25.88 per cent.

At the average age of 25.41 years, but 21.68 per cent. of British metal sail tonnage survives; while at the age of 24.10 years, 69.79 per cent. of American wood sail tonnage exists. In the face of these facts, the "trust" accepts iron ships as first-class up to the age of 25 years, but rejects American wood if above half that age, at the best, and many of them at a quarter of the time.

The author's investigations of sailing-ship performance, taking all the ships with grain or flour to Europe from San Francisco for four years, show the following facts:—

*Comparative Ship Performance.* 1. The ships in the list numbered 1538, some of iron, others of wood, and belonged to eight different nations.

2. If all the vessels had been loaded by the same rule for *free-board*, and been formed into two opposing fleets of iron and of wood, the *wood fleet* would have outcarried and outsailed the iron, and shown the *safer performance* at sea.

3. Considered as fleets represented by the average ship, the superiority of American wood over British iron, for *speed*, was 4.09 per cent.; for *efficiency* (in carrying and sailing combined), 1.568 per cent.

4. Of the larger fleets the American wood had the fewest accidents, the most infrequent perils, and the lowest number, proportionately, of *lost* ships. The American total losses—"wrecked," "missing," and "abandoned"—were less than a *half* (0.4784) of 1 per cent. of the American fleet. British iron total losses exceeded *three quarters* (0.7884) of 1 per cent. of the British fleet, or were 65 per cent. larger than for American wood. British wood was inferior to American and British steamers less reliable. The difference in seaworthiness and safety under the two *flags* may be thus exhibited:—

<sup>1</sup> See *American Marine*, chapter xvi.

## DEVIOUS WAYS OF BRITISH SHIP PROTECTION. 325

Total losses of American flag . . . . .	1 out of 212
Total losses of British flag . . . . .	1 out of 88
Proportionate safety of British flag . . . . .	per cent. 41.5

Half the British losses were iron ships "missing," all hands lost!

5. Classing as in peril all ships in "distress," "sprung a leak," "jettison," and "decks swept," the proportion of American wood was 2.87 per cent., of British iron, 5.25 per cent. of the respective fleets. The difference in liability may thus be shown:—

In danger under American flag . . . . .	1 out of 30.2
In danger under British flag . . . . .	1 out of 16.44
Proportionate safety of British flag . . . . .	per cent. 54.4

6. Taking the *peril* on cargo as a standard of comparison, British iron hulls have 21.74 per cent. greater proportionate peril than American wooden ships. By the same standard it is worth 25.37 per cent more, proportionately, to insure freight in British iron than American wood. American superiority may be shown as follows:—

American wood to British iron:—

On hulls . . . . .	cents 23 to 40.12
American superiority . . . . .	per cent. 74.43
On cargoes . . . . .	cents 34.75 to 49.75
American superiority . . . . .	per cent. 43.16

7. As for the turnout of cargoes, statistics from 100 ships, 40 of American wood and 60 of British iron, furnish data for a comparison which may assume the following shape:<sup>1</sup>—

### *American Superiority in Carriage.*

On delivery in good condition . . . . .	per cent. 1.713
On delivery, damaged . . . . .	.039
On delivery, lost . . . . .	1.666
On total loss . . . . .	3.418

Reflection upon the foregoing facts will enable us to appreciate the true grounds of the severity of the "Wheat Tariff Association"—only desperate expedients could be depended upon to drive our last grain ship out of employment. The usual discrimination had failed.

<sup>1</sup> Returns by British merchants at Liverpool through American consul at that port, 1885-86.

As a consequence of unfair discrimination the few ships we had remaining in the grain trade could get no more employment in it — only the newer ones, now and then. On July 14, 1892, the author noted the following facts: In 201 days not a single American ship with grain or flour had sailed from San Francisco to Europe, while in the same time 75 foreign ships (64 British), with full cargoes, had gone their way exulting. But one American bark sailed from Portland or Tacoma in the grain trade in 240 days, while 84 foreign ships (74 British) cleared in the same time. So the British ban did its deadly work, and the demand for our shipping came to an end. Have we not in facts like these reason enough for the most drastic measures for the upbuilding and PROTECTION of our marine?

*Insurance Dependency and its Evils.* Ten years ago, when writing his work on "American Marine," the author thoroughly examined the marine insurance business in the United States. He had previously as United States Commissioner of Navigation, with the assent of the Secretary of the Treasury, asked for reports from Collectors of Customs, which were made by letters from the best insurance authorities at the different ports. These letters agreed upon a very important point, that foreign insurance companies for many years had been squeezing American companies out of business, and this pressure continues. British companies constitute the bulk of the invading army, but other nations, even to the Chinese, occupy places in its ranks.

The constant breaking in and destruction of our insurance lines is one of the worst things transpiring for the maintenance of a commercial marine. Foreign insurance companies are like so many birds of prey. They do, and always will, prefer to cover the shipping and commerce of their fatherland. Partiality goes with their allegiance. Foreign underwriters cannot equally serve our nation and their own. No wise nation will commit its commerce to the insurance powers of rival countries, because, to trust any but its own people is to be betrayed at last. Every one of these agencies, to gain popularity at home, must be watchful of opportunities to make advantages for their own nation. We may as well have our shipyards closed, as our



insurance offices shut up, since we should expect the same result to follow, namely, helpless foreign dependence in a vital branch of industry. It is only needful to know the little of history that we have already presented of their adroit handling of our trade and transportation to understand fully, if we remain, as we have become, dependent on the British Lloyds and other English underwriters for marine insurance, that our competition with British shipping is at an end, *now and forever*, unless Congress enacts strict regulations for marine insurance, with penalties for their execution.

There is not to-day a single port in our country where foreign companies control the rates of marine insurance, that sees *justice* done to American vessels. Every schedule of rates is fixed in the interest of foreign navigation. Of late, it has seemed that a considerable export trade in coals may develop to ports in Europe. The papers tell of the building of wooden schooners of large size to engage in this trade. Will they secure it? Foreign insurance companies will in due time answer this question in the *negative*, as they have answered the question of *cotton, grain, and provision* carriage. This is to say, if Congress shall permit.

*The Regulation of Underwriting.* It will not be disputed that marine insurance is a branch of commerce. It is bought, sold, imported, and exported, and is regarded as a "chose" in action. The regulation of this business is therefore within the scope of Congressional power, under clause 3 of section 8 of article I. of the Constitution. Such being the case, it has long been the duty of Congress to put a stop to foreign discriminative underwriting, chartering, and loading our vessels in our ports. Our railroad carriage has been regulated, so should be the ocean transportation, whether owned at home or abroad. Any system of encouragement or protection to shipping that does not embrace this subject will surely fail.

*British Mercantile Discrimination.* As "Alps on Alps arise," so do discriminations against American vessels. We have to contend with other classes than the shipowners and underwriters of Great Britain. The merchants in their chambers of commerce have their rules and regulations, their tariffs

and prohibitions, for the protection of British interests. For a long time it has been privately circulated in American ports, that the grain buyers of Liverpool will not pay so much for wheat brought to market in American as in British ships, hence the greater part of *American* carriage to Europe has gone to Continental ports. Matters like this seldom get into print — not even into market reports. It seems we are now so nearly conquered nautically, and so nearly dead in national spirit, that a kick of this kind may be ventured. British merchants are likewise shipowners and underwriters. They back up the Lloyd's, the Wheat Tariff Association, any tactics that will drive out of business American shipping, merchants, and underwriters.

In proof of this, we reproduce a letter from the editor of the *Banker's Magazine*, of San Francisco, to the editor of the *Banker's Magazine*, of London: —

“INSURANCE ON WHEAT.” — (*A London Boycott.*)

“SAN FRANCISCO, 12th March, 1891.

“*The Editor of the Banker's Magazine, London: —*

“DEAR SIR, — At p. 351 of your excellent February issue you have an article on ‘American offices,’ in which you say, ‘We have not space to devote to our American cousins;’ although you manage to suggest that we Americans have ‘the assurance to make tempting estimates by which somebody must lose if any are to win;’ you charge us ‘with counting upon the other fellow’s losing, and our reliance upon forfeiture.’ Now really this is bad treatment, as you will probably admit when you have read this.

“Take a walk with us around San Francisco; see, here are English offices on the right and left. Here are the Thames and Mersey (and twenty others). We Americans give you every patronage, and open our cities to your business. What is the return? *A simple boycott!* The cargoes of wheat that the farmers of California ship to London are forced by you into your London offices.<sup>1</sup> No merchant dare pass his bill of lading and drafts *with an American policy*, or the cargo would be unsalable (*en route*).

“It is a *sine qua non* that all cargoes must be insured in your offices. Surely, that is a piece of London Assurance.

“The California insurance offices joined together, and put up \$150,-

<sup>1</sup> For several years the Grangers of California shipped their wheat themselves, preferring American ships and insurance companies. British merchants broke this business up.

000 as a gold margin deposit, if you would condescend to allow us to insure our own wheat! No! The offer was refused with scorn.

"Now suppose (for the sake of argument) that we boycotted you, and ordered all these foreign companies out of San Francisco? Our own good companies, the California Insurance (and half a dozen others) would make the profit upon our own farmer's wheat that you London men take from us. The boycott is a foul, burglarious weapon, that has been imported into America . . . see! there goes a high wagon along Montgomery Street, painted flaming red, with letters a foot long, 'Boycott the firm of — — —.' You 'fellows' boycott the farmers and merchants of San Francisco. Now please part with a little of your London Assurance, and tell us: What excuse have you for *so mean a trick*? Your answer will be waited with impatience by all the distinguished audience of the California Banker's Magazine. . . .

"ED. C. B. M."

*Boycott of the Liverpool Corn Exchange.* Besides the evidence above, about the London merchants, we shall submit a letter from the Secretary of the California Insurance Company, in regard to the protective policy of the Liverpool Corn Exchange. This letter corroborates the statement of the other, and leaves no doubt of the "taboo" or "boycott" for some time past enforced, with more or less rigor, against American insurance, as a support of American carriage, of grain to be sold in British markets. The Continental nations, discriminating against American pigs and products, do so under the pretense of *health*; the British merchants and their agents, discriminating against our vessels, give for an excuse that they are built of *wood*; but the rapacious claim of insurance monopoly stands undefended and without excuse—a product of "Reciprocity." It discounts subsidies, subventions, bounties, and all forms of legislative encouragement to shipping, but one—the regulation of trade under our Constitution.

It is because we have disregarded our rights, and neglected so long to apply our constitutional power to keep our commerce and our carrying in our own hands, that foreign nations have had opportunity to exercise their wits in heading off our people in every direction by means of disreputable contrivances.

*Letter of Mr. Wm. H. C. Fowler, of San Francisco.*

"THE CALIFORNIA INSURANCE COMPANY,  
"SAN FRANCISCO, CAL., Aug. 25, 1891.

"Hon. Wm. W. Bates,

"U. S. Commissioner of Navigation,

"Treasury Dept., Wash., D. C. :—

"DEAR SIR,— I beg to acknowledge due receipt of your esteemed favor of the 22d ult., likewise your valuable report to the Secretary of the Treasury for last year.

"I endeavored to procure for you a copy of the agreement entered into by English companies establishing new rates and rules governing insurance on our exports from California, Oregon, and Washington, but found that no company had one to spare.

"You will no doubt be surprised to learn that American insurance companies are tabooed by the Liverpool Corn Exchange from underwriting on our grain exports to Europe, whether by American or foreign vessels. With the view of protecting their own insurance companies the rule of the Exchange is that these cargoes must be insured by standard English companies. Some years back, three of our local companies deposited with English banks at Liverpool the sum of \$150,000, which we arranged to keep good at all times, for the better protection of their policy-holders in Europe, but our friends who favored American capital were forced to go over to the enemy, as, to sell their shipments, their Liverpool representatives were compelled to take out insurance thereon in English companies, as our policies were positively refused, as not being the required protection. Under such a strong protection (of English companies) our companies had to yield to the inevitable and lose the cream of our business without the power of retaliation.

"When iron or steel vessels first commenced trading to our port, the English companies reduced rates for insurance on their cargoes, and of course other companies had to follow— (so long as they took risks).

"There is a marked preference of English companies for English-owned vessels, so much so that some will not write at all on American vessels.<sup>1</sup>

"American companies commenced to lose control of their business when foreign capital began to operate in the United States. Competition naturally followed (their advent), and, to retain their own, American companies had to meet the cut rates and low quotations, which foreign companies offer to get business on their books (and freights for their ships).

<sup>1</sup> This rule obtains with British underwriters everywhere.

"Through adverse legislation of all our States against American insurance corporations; the arbitrary attitude of some of their insurance commissioners in the matter of our investments, although the assets of foreign companies are accepted without question, doubt, or examination; and on account of the favorable conditions under which foreign capital can operate in America, it will be but a short time before our companies will have to cease to be marine underwriters.

"I beg to remain, Dear Sir,

"Yours very truly,

"WM. H. C. FOWLER, *Secretary.*"

*Shipping Conferences and Agreements.* The last, but not least, of the agencies concerned in crushing out our carrying trade are the "rings" of foreign shipowners that dictate the terms of competition, or suppress it entirely. Writing from London on the "Growth of Combination in British Industries," Mr. F. C. Chappell, a noted economist, says:—

"Ocean traffic is controlled by conferences and agreements between the rival concerns, only in this respect the conferences are quite international and include British, French, German, and Dutch shipowners. The principal shipping companies allow rebates of 5 per cent. upwards to customers using their lines, and this, calculated over a trade of six months, holds the merchants under control, because the latter cannot afford to lose that sum, while new lines are starved out or bought up. Of course rates are arranged so as to make the business profitable to the shipowners. The chairman of the famous P. & O. Co. stated in 1897 that it was not possible profitably to carry on the shipping business unless there was uniformity of tariffs. The union of two great lines—the Castle and the Union—indicates the tendency of the times. Also the amalgamation of the large dock companies in London. The same policy of the elimination of competition by reducing the number of rivals is being steadily carried on throughout the British shipping industry."

*The "North Atlantic Conference" and other Rings.* It has been a matter of public knowledge for years past, that the passenger and freighting business to and from Europe is under the control of a "ring" that punishes outsiders for entering the

trade. The so-called "American Line," between New York and Southampton, is a member of this conference, and is the only instance, until of late, of an American participation in shipping ring work and benefits. The benefits to shippers for patronage are exclusive.

Our Consul-General at Rio de Janeiro, Brazil, has reported to our Government, that there are in the trade of Brazil certain shipowning houses — British, French, and German — whose affairs are organized and regulated on the "ring" principle. Their vessels carry from home ports to Brazilian, thence to ports of the United States, and thence to their own in Europe. They have a fine trade — cargoes three ways. The French ships are under *bounty* in addition. All have a protection to constant and regular *employment*. This ring or "combine" contracts with shippers to the United States to pay them rebates of 5 per cent., *half yearly*, on all freightage paid, provided said shippers have employed no vessels but those of the ring aforesaid. It is quite likely this "protection" applies to the business hence to Europe, and thence to Brazil. It is common for American goods to go to Brazil *via* Europe, also for American vessels going to Brazil to find little of cargo to bring home. There is, indeed, nothing to be had from recipients of *rebates*, and there must be an order for a cargo from the United States, or else one must be bought, if an American vessel is to come home fully freighted, and not in *ballast*.

Another illustration of "ring" rule: For some years past certain British shipowning concerns, with agencies in New York, have had a "combine" in the carrying trade to Australia. The pioneer, a few years ago, was knighted by the Queen for his control of this trade. The concerns now forming the "combine" require all shippers to contract to send *all* goods by their lines; for this they grant a rebate of 10 per cent., payable *half yearly*. The shipper may be a manufacturer or a broker. In the first case, the "combine" is loaned 10 per cent. of the freightage free of interest; in the second case, the rebate is peccant money. No wonder freights are higher hence to Australia than from Europe. Our manufacturers say: "This combine should be broken up." Would a "subsidy" measure do

it? and if so, how? By paying a rebate of 15 per cent., — half yearly?

*British Shipping Federation.* It was recently said in Parliament that the "Shipping Federation," the greatest "combine" for ship protection in the world, "embraces *four fifths* of the total shipping of the United Kingdom." The object of this organization is the command of *employment* and the maintenance of paying rates of freight. The influence and political power is immense. Manufacturers in England complain that this "combine" charges upon cotton goods from Liverpool to Buenos Ayres 40 shillings per ton of 40 cubic feet, while the same goods could be shipped from Genoa for 17s. 10d., the British rate being nearly 125 per cent. higher than the Italian rate. The freight from Genoa was 1.35 per cent. of the value of the goods, while the Liverpool rate was 4.15 per cent. It is also complained that British owners give foreigners lower rates, and then recoup themselves in the home trade — that British steamers carry cotton goods from New York to Shanghai for \$6.87 per ton (40 c. ft.), while the charge from Liverpool was from \$12.50 to \$16.25 per ton, according to the density of the bales. There is a policy in this — to make freights so low from New York that American steamers cannot enter the trade *unless heavily aided by the U. S. Treasury*. So it is, where the commercial interest of one nation has the power, and is not opposed in appropriating the traffic of another nation.

*Morganizing North Atlantic Traffic.* Of late, the world has been surprised that an American banker, John P. Morgan, could effect a shipping combination that eclipses any of the past. Last year he purchased the "Leyland line" of steamers; this year he got control of other foreign lines, and with the "American" has formed such a merger or "trust" as never before reposed in the hand of one man. Transportation has so long been ruled from the United Kingdom that a change of control to the United States produces apprehension in Europe. One is asking another, what is the meaning of this intrusion of American capital? Does it portend evil to British domination of the ocean? Does it signify that American shipping power is to be

revived and developed under a "free-ship" policy? Is there not, after all, to be any need of governmental action in behalf of American shipping? These questions may be answered in the negative. British loss and American gain will not be extensive. British ownership will not be much disturbed; American ownership will not be greatly enlarged. Only North Atlantic navigation will be affected.

What has taken place is this: the ocean branch of the inter-continental trade used to control through rates of freight; American railroads, having no ships of their own, felt obliged to concede the demands of the steamer lines. Sometimes they carried below cost. The Morganizing of the main lines of *land* transit, making the railroad interest strong, led on, naturally, to the acquisition of ships for the ocean transit, and, consequently, the power to control the rates of freight and make a fair division between services ashore and at sea. Under the organized railway rule now existing in the United States, and doubtless to be perfected in all directions, it is probable that ocean carriage is hereafter to be the inferior factor in our traffic. Whether the shipping destined to carry it on shall be foreign or American will depend entirely upon the wisdom or folly of our Government. It is in its power to cause our flag to be so appreciated that no citizen can have an object to buy ships abroad, or to run them under foreign registers. For fifty years Great Britain has made it advantageous for shipowners, the world over, to build, and to run their vessels under her crossed flag. We, on the contrary, have held out no inducements, but have permitted rivals and adversaries to run our shipping off the ocean. We continue Conventions operating to this effect. Before any of them were made foreigners came to our country and became citizens, that they might build and run vessels under "the stars and stripes."

The many protections to ship employment under the British flag, and the lack of all protection under ours (for foreign trade), naturally causes our business men to appreciate the British flag when they enter a shipping career. Not the least of the protections of a British ship is the reciprocity convention of 1815, and the dullness manifested in our continuance of such a policy.



## CHAPTER XXI.

### THE OCEAN POST AND SHIP SUBSIDIES, BOUNTIES, AND GRATUITIES.

*Ocean Mail Service.* In considering the general subject of subsidies, we should recognize three distinct classes of vessels that have been made the objects of State assistance in Europe. These classes are known as *mail and passenger* steamers under subsidy contracts; *passenger and freight* steamers under naval subvention contracts; and *cargo carriers*, of sail or steam, under bounty laws. Up to the present time no nation aids its shipping in more than two of these ways. Only Great Britain pays naval subvention besides mail subsidy. Nearly all the other Governments pay mail subsidies, and several pay bounties. A few substitute certain gratuities for regular bounties. For instance, Russia and Austria-Hungary pay the Suez Canal dues for their vessels using it.

That subsidies and bounties are protective in their nature, there can be no doubt. They are so intended, and it depends on circumstances to what extent protection may be realized. The theory of their action is, not to foster employment, but to supplement freightage, and to pay for service offered or performed.

It is a strange inconsistency of our Government, to continue to make and to maintain reciprocity conventions with nations resorting to protection by Treasury aid. The theory of reciprocity is *non-protection*. We observe our agreement for non-protection by duties, but allow all nations to violate their agreements, and to protect as they please, so they do it with money. But we do not, and cannot follow this course, and have no reason to keep the agreements that others break *in spirit*, if not in word.

England, as the "mother of subsidy," has made long and constant use of it. This is not to say, however, that subsidy is the principal ship protection of Great Britain. It has been said that the British found subsidy "an amazing stimulant for navigation and commerce." But it was *the steamship and THE OCEAN POST* that should have this credit. Of these quickening forces the British had a monopoly for several years — in some trades they hold it still. Their *general navigation* has never been aided directly by *public money*. We have already explained the various protections applied in support of the British general marine. England is rich, but she could not afford financial aid — amounting to hundreds of millions annually — even if there were need for it.

*The British Ocean Post.* The story of Britain's experience with subsidy — what she used it for and the results — has often been perverted. Indeed, the more reckless advocates of its *general* use in our country have not scrupled to assert that the magnitude and dominance of the British marine is due entirely to national gifts of money. Steam propulsion to sea-going vessels having been applied successfully in England by 1837, the immediate object of subsidy was the establishment of an OCEAN POST by steamship lines. Having a larger commerce and greater need for these than any other nation, the British were first to act, and to launch out their gold. They were leading the world in manufactures, as well as commerce and navigation. Markets everywhere were necessary to progress. To maintain ascendancy, they must lead in all expedients for increasing their business. England had become a first-class power (1) through the operation of her "navigation laws" and the work of her marine; (2) owing to successful wars and the prowess of her navy; (3) by means of her tariff system and the development of her manufacturing power; (4) through the extension of her colonial system, and control of markets. She could cut no figure in the world, and remain in her insular home. Her laws built up industries in special lines, made the United Kingdom the "work-shop of the world," and offered all men wishing to buy or sell the greatest market on the globe. That her marine flourished and grew to immense proportions — with 43 colonies of her own — was

not singular. There were *ten* merchants to employ British ships where *one* stood by to engage tonnage of a different flag. France in vain attempted emulation. The German States had once been rivals. The United States, crippled in ship protection, still struggled for second place at sea. The British Government therefore felt it must reach out and at all points make supremacy sure. All eyes turned wistfully to steam navigation, not only for the navy, but the marine — particularly the *postal service*.

*A Wide-Awake Mercantile Interest.* British merchants pointed out to the Government the advantage to them of lessening the time of communication and of travel between their own and other countries ; of providing regular, rapid, reliable *British steam transit* to and from every place where Englishmen could introduce or establish commerce ; and that governmental agency alone could effect these essential services : the certain control of commerce, the more advantageous rule of Colonies, and the assumption of the political destinies of many inferior nations through the medium of superior postal facilities. It was easy for an imperial statesman to encourage the commerce on which the wealth, power, and glory of his nation depended. The general marine needed no "aid," nor did it ever ask for any protection from the day the different nations entered into conventions for "Maritime reciprocity." The mail and passenger service, however, would not be undertaken *at a loss*. There were routes on which *naval steamers* plied with mails at considerable public cost. *Why not subsidize private ships?* Manifestly, the cost to the Treasury, deducting postage receipts, would be greatly under the mark of *naval ships*.

In the course of twenty years mail subsidy contracts were made as follows : Between Liverpool and the Isle of Man in 1833 ; London and Rotterdam in 1834 ; Falmouth and Gibraltar, 1837 ; Liverpool and Boston and New York, 1839 ; Aberdeen, Shetland and Orkneys, Malta, Alexandria, Suez, East Indies and China, 1840 ; the Panama and Valparaiso line, 1845 ; Holyhead and Kingston, 1848 ; the Channel Islands, West Coast of Africa and Cape of Good Hope, 1852 ; Calcutta via the Cape, Plymouth, Sydney, and New-South Wales, 1852. Since then the system has been extended to new routes from time to time.

*French and Other Postal Lines.* France soon followed Great Britain in establishing mail lines; in 1845-47 the United States did so. Afterward, other nations felt obliged to do likewise, and the subsidized ocean post became general; Great Britain keeping up more lines than all her rivals together. This postal development aided much to introduce steam navigation, particularly as it conduced to essential improvements in hull and machinery; but success for its original purpose does not necessarily warrant the use of subsidy for a very different object—the increase and support of a general or *freighting* marine. England has never so used it. Subsidy paid to mail steamers might be fairly called “compensation,” for there is a public service, and a return in part, at least, of the money expended. British postal receipts have averaged *half* the subsidy. In the general or freighting marine there can be no such return of money. The only excuse given for subsidizing the foreign-going marine of the United States is a pretense that “retaliation” would follow regulations of trade. We have what is worse than retaliation now—all sorts of protections to contend against, with no chance whatever, under present policy, of regaining our lost ground. Foreign nations may be expected to antagonize any system of encouragement that shall cut down their present participation in our carrying trade, though they have no justification. But they have no power to defeat our efforts.

*British Naval Subvention.* This sort of protection, like that of subsidy, is limited to a certain number of vessels of a particular class suitable for *cruisers* or the transport service in time of war. The subvention is paid annually as for an *option*, and the vessels are subject to service when called for, in which case they are bought or chartered under provisions of law. The subvention fleet is under control of the Admiralty, while the subsidy fleet serves the Post-Office Department, but is also subject to Government call in emergencies. Subventioned vessels may be requisitioned for mail service, under provisions of contract. They number from *ten to fifteen*, and their scheme seems to be the encouragement of a specially able and useful class of ship, which might not otherwise be built. Their business is passengers and freight; and they all run *in our trans-Atlantic*

*trade.* The competition of this class of vessels, protected as it is by payments of money, may not violate the letter of our "Reciprocity Convention," but it does most certainly violate the spirit and object of it, and should not be tolerated, as it is. If the case were reversed, we would quickly hear from the other parties.

*First Protest of Non-protection.* After most nations had settled down to non-protection of navigation, it was 1869 before any country considered measures for shipping rehabilitation. The first to do so was the United States. The occasion was the great declension of our carriage in the foreign trade, then charged mainly to the loss of tonnage and of business by the Civil War. Legislative encouragement — sound shipping protection — was indicated. Mistaking the causes of our adversity, a bounty system — on building and owning — was proposed by a special committee of the House, the main idea being to follow England in the condemnation of wooden vessels and the substitution of iron, at the expense of the Treasury. Congress rejected the scheme. It was shown, then, that the true remedy would be the resumption of our early policy of discriminating duties.

*Nimmo's Report on Maritime Reciprocity.* On the 18th of July, 1870, Mr. Geo. S. Boutwell, Secretary of the Treasury, directed the Register to investigate and report from his Bureau the condition of our foreign commerce and the practical workings of maritime reciprocity. The task was undertaken by Joseph Nimmo, Jr., Chief of Tonnage Division. January 23d, 1871, a resolution of the House called for this report, which was transmitted, referred to the Committee of Ways and Means and printed.<sup>1</sup> Nothing came of it. The heart of the shipping interest had been set upon "bounty," and a special committee had charge of the matter. Mr. Blaine was Speaker. It would seem, at first sight, that the Administration might have been opposed to the annulment of our reciprocity conventions at that juncture, — the Alabama claims giving trouble enough, — but this was not so. The subject never came before the Cabinet.<sup>2</sup>

<sup>1</sup> See Ex. Doc. No. 76, 41st Cong. 3d Session.

<sup>2</sup> This statement is upon the authority of Ex-Secretary Boutwell.

There was no MADISON in the House of Representatives to insist upon the Constitutional remedy. Had Mr. Blaine risen to the occasion, something toward marine rehabilitation, at that time, might have been accomplished. It was clearly shown by Mr. Nimmo that the operation of our reciprocity conventions had taken the life out of our navigation before the cruisers of the Civil War got in their destructive work.

*French Adoption of Bounty.* In 1880 the French adopted a bounty plan. They had no Constitutional difficulty, *as we have*. Their system includes the building and the running of vessels for transportation, and the mail subsidy policy long in use continues. Italy followed France in 1885 with a similar bounty policy. In 1890 our turn to act came again, but a second time the bounty bill was lost. Other nations followed France and Italy, and when another decade had passed, Congress for the third time failed to pass the measure, which provided "compensation" from the Treasury — for "extra cost" of ships and "extra expense" of crews. It might be better described as "compensation" for lack of Protection of the Constitutional kind. Congress is still under pressure to "do something for shipping." Why "something" should be done, in place of *the right thing*, no valid reason can be given. It is overlooked that we have had since 1891 a subsidy system for ocean postal service, as other nations have. It needs amending in several respects, but otherwise serves its purpose. The bill that has passed the Senate is for the entire foreign-trade marine — *freighting ships* as well as mail steamers — a measure entirely mistaken.

*British Interest aroused.* Of late British shipowners have moved their Government to notice the protective systems being built up by different nations. A letter has been sent to Consuls everywhere calling for reports on the effects of "foreign" subsidies and bounties. These reports have been published. A Parliamentary Committee has also dealt with the subject, taken testimony and recommended that another Committee, which is now at work, continue investigation. It has been disclosed, that "British trade is not to the same extent preëminent and pre-dominant as it was a quarter of a century ago." Also, that

"when once a foreign trade obtained a footing in any particular country it was very difficult to dislodge that trade." Moreover, that "where the carrying was done by foreign lines, foreigners would in time get possession of the trade." The Consuls seem to think that Germany, France, Italy, and Austria are unfriendly countries for sending out so many "heavily subsidized foreign lines," to cut into British engrossment of trade and transportation in every part of the world. Almost every witness unfolds a tale of woe. There is a feeling, too, that the United States is likely to subsidize generally, or do worse — for them, to regulate their commerce. To anticipate this, the British should soon begin some regulating themselves. One proposition was to make all ports in the British Empire, including Colonial, *Coastwise ports* (as under the old Navigation Act), and to exclude all foreign shipping from carrying between them. Nothing was said about the utility of "maritime reciprocity"!

Before the present Committee, Sir Robert Giffen, a statistician and economist of note, would have the Government pay the present large lighthouse dues, and meet subsidy with subsidy where British ships are exposed to active competition, stipulating for the use of ships in time of war and the carrying of British crews. He also suggests the establishment of steam lines connecting all the ports of the Empire, and the exclusion of subsidized foreign ships from the coasting trade, unless they pay a fine equal or greater than the subsidy received. An enormous expenditure of public money would attend this scheme. Withal, immense combinations of capital and of shipping power are projected, the object being to "defeat Morgan," the daring American.

The British may well take thought for the morrow. Sooner or later the nations engaged in commerce will, each for itself, so regulate it as to enable marines of their own to furnish carriage for their own trade. British shipping is now *in excess* of the needs of British commerce at least 160 per cent. When other nations come by their own, nothing that Great Britain can do will enable her to keep her excessive tonnage employed. Not even a naval war involving the world can again be depended on to create or maintain a monopoly of trade for the British ship.

*British Consular Reports.* From recent British Consular Reports the following items have been gathered: —

*Austria.* In 1899 there was paid the sum of \$1,594,940 in bounties and for postal services, against \$252,340 in 1890. The tonnage of sea-going shipping has increased from 176,042 tons in 1890 to 196,909 in 1899.

*Hungary.* In 1899 there was paid \$403,775 against \$318,955 in 1890. The tonnage has increased from 53,484 tons in 1890 to 62,777 in 1898.

*Belgium.* No bounties paid since 1852. The amount of mail subsidy, \$24,000 in 1899. Tonnage 90,971 tons.

*France.* The amount of bounties paid the general marine has increased from \$2,568,205 — (\$610,900 for construction and \$1,957,305 for navigation — tonnage and mileage) in 1889 to \$3,240,000 (\$980,000 for construction and \$2,260,000 for navigation) in 1900; and the mail subsidy from \$4,811,295 to \$5,336,355 in the same time. Total of "aid" in 1900, \$8,576,355.<sup>1</sup> The marine has increased from 932,735 tons, in 1889, to 957,755 tons net, in 1899. *Average annual growth of marine, 2502 tons; average annual increase of "aid," \$119,685.*

*Germany.* Amount of bounties in 1889 was \$1,000,000 and in 1898 \$1,950,000. Increase of tonnage from 1,320,721 tons net in 1889 to 1,639,552 tons in 1898.

*Italy.* From January first, 1901, steamships of home construction are to receive 40 centimes (7.6 cents) per ton per 1,000 miles navigated up to the fifteenth year of age; and sailing ships are to receive half rates as above up to the twenty-first year of age. This is a reduction in rates. The expenditure had reached about \$2,000,000 annually and could not be afforded.

*Japan.* The postal and general subsidies have increased from \$767,815 in 1890 to \$2,923,480 in 1899. Tonnage has increased from 143,068 tons in 1889 to 318,494 tons in 1897.

*Netherlands.* Neither bounty nor subsidy is paid to shipping, but merely an indemnity for mails and parcels.

<sup>1</sup> The new law of April 7, 1902, increasing the bounties on construction and navigation, provides that the maximum amount which can be paid out annually shall not exceed \$50,000,000 francs (\$28,950,000).



*Russia.* The amount of pay for transport of troops, passengers, and mails in 1899 was \$1,590,305. Increase of tonnage in all trades, 25,153 from 1896 to 1899. (Russia has recently much increased her "aid.")

*Sweden and Norway.* Postal subsidies of \$49,665, and bounty of \$91,665, were paid in 1898-99, by Norway. In 1899 Sweden paid \$84,090 as subsidies to home or foreign ships for postal services besides \$2385 to Gothland Company.

*Spain and Portugal* pay postal subsidies of which no account is given. In the five countries of Austria, Hungary, France, Germany, and Japan, we find an increase of tonnage of 549,437 tons, while subsidies and bounties increased \$5,058,145, which approximates *ten dollars per ton* — a result much the same as the Government buying the vessels and giving them to corporations to do business with. It will be seen that the French have but a small marine, although they have been *twenty-two years* paying liberal bounties — over a hundred million of dollars in that time, and have maintained a mail subsidy system since 1845.

The point of the argument is this: A shipowner receiving from his Government compensation for little or no actual service is able to carry for less freightage than would be possible without "aid." If British shipping feels the effect of such encouragement, how much more must an American marine, and with what justice we may denounce our conventions, and proceed to regulate our trade, making room for our own vessels, which can then run unaided, as in our coasting trade. A considerable part of our foreign carrying may be as well secured as our domestic traffic.

*Origin and Character of our Subsidy System.* As we have shown in chapter xv., we need not have been a follower of Great Britain in ocean steamship navigation, nor have left it to her to establish the ocean post. The idea was American. In 1820 the Senate passed a bill to enable the "Ocean Steamship Company of New York" to initiate the service. The House laid it over for consideration but the subject was neglected. The first act of Congress relating to ocean mails was passed July 2, 1836. This was for service coastwise, and

was a year before British steamships ran from Falmouth to Gibraltar.

The first successful movement towards a mail subsidy system for the United States did not originate with private parties, but with the officers of our Government. In a special message of President Tyler, June 24, 1842, he sent to Congress a copy of official correspondence between the French Minister and Secretary of State, Daniel Webster, showing the importance of "establishing a line of steamers between Havre and New York, and according to a liberal system, the questions of either course to be arranged in common." Mr. Webster recommended the project, Postmaster-General Wickliffe, in his report of December, 1842, not only indorsed it, but said : —

"The Committee on Foreign Relations made a favorable report, and the House adopted the following resolution : —

"That the President be requested to cause to be prepared and report to this House, by the Secretaries of State and of the Navy, at the commencement of the next session of Congress, a plan for the establishment, and in concert with the Government of France, a line of weekly steamers between the ports of Havre and New York, together with the estimates of the expense which may be required to carry the said plan into effect."

This subject was not hastily acted upon, though the only opposition could have come from the British line running to Boston. Parliament, as soon as it could act, after the postal plan was taken up at Washington, increased Cunard's subsidy and enabled him to extend service to New York. Seeing the need of renewed suggestion to Congress, President Tyler mentioned the matter in his annual message of 1844, thus : —

*Extract from President Tyler's Message.*

"I cannot too strongly urge the policy of authorizing the establishment of a line of steamships regularly to ply between this country and foreign ports, and upon our own waters for the transportation of the mail. The example of the British Government is well worthy of imitation in this respect. The belief is strongly entertained that the emoluments arising from the transportation of mail matter to foreign countries would

operate of itself as an inducement to cause individual enterprise to undertake that branch of the task, and *the remuneration of the Government would consist in the addition readily made to our steam Navy*, in case of emergency by the ships so employed. Should this suggestion meet your approval, the propriety of placing such ships under the command of experienced officers of the Navy will not escape your observation. The application of steam to the purposes of naval warfare cogently recommends *an extensive steam marine* as important in estimating the defenses of the country. Fortunately this may be obtained by us to a great extent without incurring any large amount of expenditure. Steam vessels to be engaged in the transportation of the mails on our principal watercourses, lakes, and ports of our coast, could also be so constructed as to be efficient as war vessels when needed, and would of themselves constitute a formidable force in order to repel attacks from abroad. We cannot be blind to the fact that other nations have already added large numbers of steamships to their naval armaments and that this new and powerful agent is destined *to revolutionize the conditions of the world*. It becomes the United States, therefore, looking to their security, to adopt a similar policy, and the plan suggested will enable them to do so at a small comparative cost."

The efforts of the Administration resulted in the Act of March 3, 1845, which authorized the making of contracts for the building and running of *Mail and Naval Steamers* upon proposals satisfactory to the Navy Department, as follows: —

"That the Postmaster-General of the United States be and he is hereby authorized under the restrictions and provisions of the existing laws to contract for the transportation of the U. S. Mail between ports of the United States and a port or ports of any foreign power, wherever in his opinion the public interest will thereby be promoted, etc.

"That all such contracts shall be made with *citizens* of the United States, and the mail to be transported in American vessels by American citizens."

One of the strongest advocates of mail and naval steamers under the shield of the Government was a member of the House from Georgia, Thomas Butler King, Chairman of Committee on

Naval Affairs. The first line in operation under the act of 1845 ran between New York and Bremen. The Congress following passed the mail subsidy act of 1847, in continuation of the policy introduced by its predecessor in 1845. In his first message President Polk made the following remark:—

“Proper measures have been taken in pursuance of the act of 3d March last for the establishment of lines of Mail Steamers between this and foreign countries. *The importance of this service commends itself strongly to favorable consideration.*”

*Progress reported by President Polk.* In his Annual Message for 1847 the President informed Congress that contracts had been made for five steamers to run between New York and Chagres, touching at Charleston, Savannah, and Havana; for three steamers on the Pacific between San Francisco and Chagres, across the Isthmus; and for five steamers to run between New York and Liverpool. All these steamers to be the property of the contractors, “but are to be built under the superintendence and direction of a *naval constructor* in the employ of the *Navy Department*, and to be so constructed as to render them convertible at the least possible expense into war steamers of the first class.” A prescribed number of naval officers, as well as a Post-office agent, are to be on board of them, and authority is reserved to the Department at all times to “exercise control over said steamships,” and “to have the right to take them for the exclusive use and service of the United States, upon making proper compensation to the contractors therefor.”

Five other steamers, making eighteen in all, were then under construction for regular lines. Following is a list of the different postal subsidy acts, passed from time to time by Congress:—

#### *Mail Subsidy Acts.*

Act of July 2, 1836, Providing for service by sea	President Jackson.
Act of March 3, 1845, Providing for mail and naval steamers . . . . .	Tyler.
Act of March 3, 1847, Mail system extended .	Polk.
Act of July 10, 1848, Provision under Secretary of Navy . . . . .	Polk.

Act of March 3, 1851, Provisions under P. M. G. — regulations . . . . .	President Fillmore.
Act of July 21, 1852, Increased service with limitations . . . . .	Fillmore.
Act of July 5, 1854, Restrictions . . . . .	Pierce.
Act of March 3, 1855, Reduction in amount . . . . .	Pierce.
Act of June 14, 1858, <i>Abrogation of 10-year contract clause</i> . . . . .	Buchanan.
Act of October 1, 1859, Notice of <i>complete abrogation of contracts</i> <sup>1</sup> . . . . .	Buchanan.
Act of June 15, 1860, "Privilege" postage to American ships . . . . .	Buchanan.
Act of February 10, 1861, Temporary service . . . . .	Buchanan.
Act of May 28, 1864, Brazil line contract (subsidy) . . . . .	Lincoln.
Act of February 17, 1865, China line (P. M. S. Co.) . . . . .	Lincoln.
Act of February 18, 1867, Provisions relating to service . . . . .	Johnson.
Act of March 2, 1867, Provisions of service . . . . .	Johnson.
Act of June 1, 1872, Increase of pay, China contract . . . . .	Grant.
Act, March 3, 1875, Abrogation, complete, of contract (cause, <i>corrupt lobbying</i> ) . . . . .	Grant.
Act of February 27, 1891, General postal subsidy act . . . . .	Harrison.

This last is yet in force. It was a substitute for a bill for bounties to the general marine, which failed on a vote in the House. This bounty bill had been reported for passage ahead of the "McKinley" tariff measure, but consideration was postponed until the next session, party leaders not caring to defend it in the campaign coming on. The pending subsidy bill is receiving similar treatment. Can a bill be wise and sound that will not bear campaign debate? Or can they be wise and trustworthy leaders who *fear* to enact their measures?

*The Drifting Course of our Government.* From our experience with the ocean post, many of our public men are at loss to determine their course — whether to favor having an ocean

<sup>1</sup> By this act all our subsidy service was discontinued, and the trans-Atlantic lines were broken up.

postal service or to oppose it. We have had no consistent policy for fifty years, but have drifted. Sometimes we have had a few mail lines, and sometimes none. Without a policy, our Government has waited for some selfish interest to appear with a bill for a mail contract — for anything that can be gotten, from a single line of steamers to an entire marine of *five or six millions of tons* of freighting ships. The lobby and the press have taken up the matter. No distinction has been made between the uses and the abuses of the subsidy idea. No one appears to consider whether it is Constitutional. The example of other nations is taken for the supreme law of the case. It is thought, if we can subsidize mail steamers whose qualities are such that they can help in maritime defense, why cannot we “aid” freight carriers in the same way — provide that all shall carry *mails*, and all be fitted to receive *guns*? A lately pending bill did not have provision for gun-mounting, but all vessels, steam or sail, were to carry mails without extra pay. When it was disclosed that, if all the shipping necessary in our foreign trade were under the bill, it would take upwards of *forty millions* of dollars the first year, and thereafter at least 6 per cent. more “compensation” year after year, the Senate Commerce Committee brought in a new bill which limited the annual expenditure to *nine millions* of dollars; this was the same as to say: The great American marine to spring from this measure is to be *nine fortieths*, or 22.5 per cent., of the *size* really required to carry on our commerce — this fraction to diminish every year! The absurdity of such a position has been *partly* avoided in a bill by Senator Frye, which has passed the Senate. The postal subsidy is limited, while the general subsidy — the principal part — is unlimited.

In all these bills, the salient and conspicuous fact, that our foreign-trade marine has become almost extinct *for want of protection, and because of our tolerance of the impositions of foreign countries*, not for the lack of “Government aid,” has been ignored. Logically, the only true first step towards restoration is the *annulment* of all our “reciprocity” conventions. While these agreements stand, no amount of money that can be collected from the people, and distributed to shipowners, can ever

cause life and vigor, growth and power, to characterize our foreign carrying marine.

*Treasury Support to Foreign Mail Lines.* Owing to the drifting course of our Government our taxes are turned to the support of *foreign* mail lines — practically, we help pay their subsidies. We are bound to do this, if we have no mail lines of our own. From a table of subsidies and payments for ocean mail service by Great Britain and the United States several facts appear. First, that Great Britain almost doubled her subsidies on the establishment of the early American lines. Upon the appearance of opposition in Congress to the further subsidizing of lines, the British stopped enlarging appropriations, and even ventured to decrease them. Second, after the repeal of our first subsidy acts Great Britain lightened up considerably on payments, being able to do this without damage to her lines, since much of the support withdrawn by Congress from our own lines, to their ruin, was turned over to the British. Third, after the Civil War, when Congress again undertook to support a few steamers in the postal service, Great Britain for the second time enlarged her subsidies until, again, opposition to a subsidy policy developed in Congress, when she ventured a second time to reduce appropriations; reducing still further on the second repeal of our acts. When, as before, a large part of the support withdrawn from our lines, causing their ruin, was straightway turned over to the British — to pay them for carrying our mails. From 1868 to 1877 we paid only 28 per cent. of cost of our ocean mail service to foreign steamers; but from 1878 to 1891 the contribution of the Treasury was an average of 81 per cent. This ratio was exceeded only during the Civil War, when foreign lines got 83 per cent. Until 1858, after Congress broke up the subsidy system, there were no mail payments to foreign steamers. Since the war the average percentage has been over *fifty*; and the proportion of the sum received by British lines from the American Treasury has been about *ten per cent.* of total postal aid.

*An American Ocean Post.* These facts should not be quoted to support an abuse of subsidy. We should have our proper ocean post, as the original acts of 1845-1847 outlined

the system — as “Mail and Naval Steamers.” With trade regulations assisting, the support required will be moderate. The present law provides pay enough for some routes, but pay enough should be provided for all, and the Government find its reward in the naval uses of the fleets. Either this, or the Navy should set its cruisers into the postal business.

Consider for a moment what we have been doing — simply because our statesmen have done nothing. The American people have *paid* for all the shipping engaged in carrying on American commerce, and in carrying the ocean mails, but they *do not own it* — only a small fraction of it belongs to them. Not only does the trade pay for the tonnage, but it makes wealth and builds up power for those engaged in it. The practical question is, *shall we own the shipping and the steam lines that our trade pays for?* And can we supply the *statesmanship* that shall make the flag of ownership our own — otherwise than under the provisions of the Constitution?



## CHAPTER XXII.

### UNCONSTITUTIONALITY AND INCOMPETENCY OF SUBSIDY FOR SHIPPING RESTORATION.

*The Proper Means of Ship Encouragement.* When the mariner has to set a course, he brings his chart and compass into use. When a legislator has to frame a measure to meet a requirement, he, too, has a chart and compass to be used — the Constitution and experience of his country. One may think this, another deem that, the rightful way, but the trained legislator *knows* within what lines and in view of what principle he must shape his course — else he is no statesman. He has his chart, his compass, and his trained judgment for guides. Using these, he should not go far astray.

The problem is, in what way, by what means, how shall we encourage our navigation, not only for the present, but for future time? This problem is not new to the country; it became existent with our Independence. Our first chapters contain all the facts essential to an understanding of the subject. The brightest minds in America once dealt with it, and solved it, and practically tested for years the expedience and efficacy of their work. This experience is worthy of regard.

Our early statesmen strove faithfully for the national good. Navigation and commerce were ever in their minds. In his first message to Congress, the great and wise Washington said: —

“The advancement of agriculture, commerce, and manufactures, *by all proper means*, will not, I trust, need recommendation.”

A committee of the Senate, consisting of Rufus King, of N. Y.; Ralph Izard, of S. C.; and William Paterson, of N. J., in their response, said: —

“Agriculture, commerce, and manufactures, forming the basis .

of the wealth and strength of our confederated Republic, must be the frequent subject of our deliberations, and shall be advanced *by all proper means* in our power."

A committee of the House, consisting of William Smith, of S. C. ; George Clymer, of Pa. ; and John Lawrence, of N. Y., in their response, by unanimous agreement of the House, said : —

" We concur with you in the sentiment that agriculture, commerce, and manufactures *are entitled to legislative protection*, and that the promotion of science and literature will contribute to the security of a free Government ; in the progress of our deliberations we shall not lose sight of objects so worthy of our regard."

Congress in their first and preceding session had legislated constitutionally for the objects mentioned, but the acts of 1789 were reënacted with amendments in 1790. Thus, the promise to the President was redeemed.

*President McKinley's Last Words.* It well becomes Presidents and Congresses to think and to speak frequently and wisely of American Commerce inclusive of Navigation. The last words on this subject, in the last public speech, of our popular and late President, WILLIAM MCKINLEY, should deeply impress our Senators and Representatives. Said he : —

" *We must encourage our merchant marine. We must have more ships. They must be under the American flag, built and manned and owned by Americans.* These will not only be profitable in a commercial sense ; they will be messengers of peace and amity wherever they go."

What were his views as to the *means* of accomplishing these things ? Were they the " proper means " referred to by Washington, and the Senate and House in response, in 1790 ? The writer is not aware that Mr. McKinley ever gave his approval of methods in plainer language than that of six years ago, in his letter accepting a nomination to his first term, when he said : —

" The declaration of the Republican platform in favor of the upbuilding of our merchant marine has my hearty approval. *The policy of discriminating duties in favor of our shipping, which prevailed in the early years of our history, should be again promptly adopted by Congress and vigorously supported*

until our prestige and supremacy on the seas are fully attained."

Thus were the "proper means" of the early statutes publicly approved. Not only this, but at the date of this letter Mr. McKinley was well aware of the failure in 1891 of the "Farquhar shipping bill," based on "bounty;" one great objection to it being that fact; and he was aware, also, that, in 1880, the fifth resolution of the Republican platform read thus:—

"That we deem it the duty of Congress to develop and improve our seacoast and harbors, but insist that *further subsidies* to private persons or corporations must cease."

Mr. McKinley knew, also, that the Democratic platforms discountenanced subsidies, even for postal service occasionally, and that only the clearest *constitutional* means—which he so fully approved—could be employed for the rehabilitation of our marine in the foreign trade, with any prospect of proving a lasting success.

*Constitutional Ship Protection.* When we consider the merits of means proposed for upbuilding our marine, it is not to the point to cite the course of other nations. *We are not at liberty to adopt promiscuous measures.* It cannot be questioned that our national Government is exceptional in character. We have a written Constitution that was prepared by Delegates of Independent States and afterwards ratified by vote of the citizens of said States. Its powers are *limited*, and such only as are expressly granted, and to be found in that instrument; or such as are properly *incident* to said powers and necessary to their existence. Proper and lawful means of ship encouragement can be found in the Constitution, but any means not there provided, we may not wisely or profitably adopt. There are many things that foreign Governments may do, that our own has no power to do. We have no authority anywhere to choose or crown a King. The Constitution has provided for an Executive to be called PRESIDENT. In like manner, if we may not aid or support, protect or encourage a marine, by subsidies, bounties, or gifts of any kind paid to or bestowed upon shipowners, it is because the Constitution grants to Congress the power *to regulate our commerce* for the purpose mentioned. And we will find

this to be the case. Where the Constitution has provided a power for any purpose, it has not provided other powers to take its place. Every way was considered and the best chosen. Thus were avoided disorder and confusion in the work of Government.

Moreover, Congress recognized the legal way to create and maintain a merchant marine for many years after the adoption of the Constitution, when it was induced to *suspend* the regulation of commerce in certain cases, namely, those governed by "reciprocity" conventions or treaties. But in all other cases our commerce and navigation *to-day* are under Constitutional regulations. With regard to domestic trade — coasting, river, and lake navigation — this fact cannot be questioned. With respect to foreign trade, we have only to annul, lawfully, our maritime reciprocity conventions *to demonstrate the fact*, that our *entire traffic* — of commerce and of navigation — is again under regulations — the same that were *suspended*. Under what authority has Congress acted to bring about these facts? Clause *three* of section *eight* of article *ONE* of the Constitution reads thus: —

"The Congress shall have power *to regulate commerce* with foreign nations, and among the several States,<sup>1</sup> and with the Indian tribes."

In its broader meaning, "commerce" includes both trade and transportation — navigation — the carrying trade. Section *eight* of article *ONE* of the Constitution sets forth the powers that Congress *may* exercise, while section *nine* describes those which shall *not be* exercised. Clause *seventeen* of section *eight* confers power — "To make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof." Clause *six* of section *nine* provides that — "No money shall be drawn from the Treasury, but in consequence of appropriations made by law," etc. Of course, an appropriation must be for a Constitutional object. How shall this fact be determined?

*Madison's Rule of Construction.* It is the truth of history

<sup>1</sup> At this time the several States had conflicting regulations.

that no citizen of the United States contributed more to the founding of our present Government, to the making of the Constitution, to its advocacy and its early application — than *James Madison*, of Virginia. In the 45th number of the “Federalist,” p. 292, he says : —

“The powers delegated by the proposed Constitution to the Federal Government *are few and defined*. Those which are to remain in the State Governments are numerous and indefinite. The former will be exercised principally *on external objects*, as war, peace, negotiation, and *foreign commerce*; with which last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the State.”

Mr. Madison’s sound rule of construction as to whether a given power has been granted is that —

“Whenever a question arises concerning a particular power, the first question is whether the power be expressed in the Constitution. *If it be, the question is decided*. If it be not expressed, the next inquiry must be whether it is properly an *incident* to an expressed power and *necessary* to its execution. If it be, it may be exercised by Congress. If it be not, Congress cannot exercise it.”

“A power to be incidental, must not be exercised for ends which make it a principal or substantive power, independent of the principal power to which it is an incident.”

To illustrate the latter paragraph: the carrying trade is a part of commerce; shipbuilding is not a part, but it is a close incident; therefore, the same power that may be invoked to encourage commerce and navigation may also be applied to protect shipbuilding. We find no power in the Constitution authorizing subsidy to the general marine; if a power of incidental character, it must belong to the regulation of commerce and be *necessary* to its execution. But the power to regulate commerce has been successfully exercised without it, therefore, it cannot be *necessary*. And it cannot attach as an incident, for it is proposed as an independent power to supersede a principal or substantive power.

*No Power whatever for Shipping Subsidies or Bounties.* From the foregoing considerations, and from the early acts of Congress, it is positively certain, that encouragement of Navigation by regulations of commerce is *Constitutional*. Subsidy for the support of "Mail and Naval" steam lines can be referred to the powers granted "to establish post-offices and post-roads," and "to provide and maintain a navy" — clauses *seven* and *twelve* of section *eight* of article *one* of the Constitution — *but no clause, line, or word authorizes Treasury aid in any form to assist freighting vessels in gaining or maintaining ocean transportation, or for conducting any other business.* The use of Treasury funds to promote the general carrying trade cannot be an incident to the power to regulate our commerce, because, for one reason, *this power itself is granted for that purpose*, has served it, and can serve it again; and because the incidental power cannot *supersede* the principal. It has been suggested that possibly there is power in clause *one* of section *eight* of article *one* of the Constitution, that may be availed of for the payment of subsidies, etc. That clause reads thus: —

"The Congress shall have power: 1. To lay and collect taxes, duties, imposts, and excises, to pay the debts, and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States."

There are businesses, trades, and callings innumerable in the United States. The "general welfare" requires that each and every one be prosperous, but, if not, is it meant that Congress shall help the situation by an exercise of the tax-collecting and distributing power? Such a view would be absurd, not alone from the number of trades frequently needing improvement, but from the *amount of money* to be provided, according to circumstances. The business of Government would be big, indeed, under such a system. Nothing of the kind could ever have been intended. Besides, if it were intended that navigation should be encouraged under clause *one* and its expression of "general welfare," why was also clause *three* inserted in section *eight*? And what can be its use? Of a certainty, its

first member would be superfluous, and without applicability — a perfect absurdity.

Again, if gifts of money to the marine be considered necessary at any time to revive or to sustain it, is Congress to exercise the power granted in clause *two*, “to borrow money on the credit of the United States”? When taxes fail, can we lawfully borrow money by selling bonds, to pay subsidies, bounties, and “compensation,” to support the carrying trade? Surely no citizen can think so.

*Madison's Understanding of “Common Defense and General Welfare.”* Almost the last official act of President Madison was the veto of a bill which he conceived to be unconstitutional. Congress had acted under the supposititious power of the “common defense and general welfare.” On this point he said: —

“The power to regulate commerce among the several States cannot include a power to construct roads and canals, and to improve the navigation of watercourses in order to facilitate, promote, and secure such a commerce without a *latitude of construction* departing from the ordinary import of the terms, strengthened by the known inconveniences which doubtless led to the grant of this remedial power to Congress.

“To refer the power in question to the clause ‘to provide for the common defense and general welfare’ would be contrary to the established and consistent rules of interpretation, as rendering the special and careful *enumeration* of powers which follow the clause nugatory and improper. Such a view of the Constitution would have the effect of giving to Congress a *general power* of legislation, instead of the defined and limited one hitherto understood to belong to them, the terms ‘common defense and general welfare’ embracing *every object and act* within the purview of a legislative trust. It would have the effect of subjecting both the Constitution and laws of several States, in all cases not specifically exempted, to be superseded by laws of Congress, it being expressly declared ‘that the Constitution of the United States and laws made in pursuance thereof shall be the supreme law of the land, and the judges of every State shall be bound thereby, anything in the

Constitution, or laws of any state, to the contrary notwithstanding.' Such a view of the Constitution, finally, would have the effect of excluding the judicial authority of the United States from its participation in guarding the boundary between the legislative powers of the General and State Governments, inasmuch as questions relating to the general welfare, *being questions of policy and expediency*, are unsusceptible of judicial cognizance and decision.

"A restriction of the power 'to provide for the common defense and general welfare' to cases which are to be provided for *by the expenditure of money* would still leave within the legislative power of Congress *all the great and most important* measures of Government, money being the ordinary and necessary means of carrying them into execution."

In short, the history of shipping legislation in our country from the earliest times — in the Colonial period, after Independence, and since the adoption of the Constitution, and the history of the Constitution itself, proves that *gratuities* of Government never had a moment's consideration, and that we have *but one way* to encourage our general marine, and that is under the power to regulate commerce. That way is the most efficient that can be devised, is within our rights, is expedient, and need to infringe nowhere.

*Wisdom of the Constitutional Way of encouraging Navigation.* Having thus set forth the legal method of aiding and sustaining a marine, we might close our treatment of the subject and rest the case. But our people are prone to investigate thoroughly any cause in which their fortunes seem to be involved, and this of navigation is certainly deserving of our utmost concern. The question, then, is, virtually, the wisdom or folly of the Constitution in the particular of regulating our commerce, so as to have a marine of our own in the foreign trade. Some of our citizens affect the faith that regulations of trade and transportation are too old-fashioned for present use — that outright competition should provide us with shipping, or we should do without it of our own. They would not have the Constitution to sanction any sort of *protection* to what they would call a private interest. But the public interest is very



much like a bundle of private interests. If the objection of these good people has weight, it militates against having a Constitution or a marine.

We have another class of citizens whose minds seem dazzled with the power of *money*. With them, it is money that makes everything go. Subsidy, say they, is *the* thing to support shipping. Why not? Besides, it is the present way the nations all take. It is, moreover, the "line of least resistance" — in respect to foreign sentiment. The longest purse will win, the shorter purses will cease opposing. What principle can be better than this? Our nation is the richest on earth — well able to contend with all the world in the payment of subsidies. The men of the Constitution were rustics fresh from the fields. Few of them knew the uses or the virtues of coin. They regulated commerce, because they had no money to buy it up. We understand the subject better.

*Impolicy of Treasury Aid to Shipping.* It may be conceded that money has power, but it is not yet the case that the *public money* of any country can be used considerably in reinforcing private capital in the carrying trade or any other. Public money comes from the pockets of the people. A rich nation may have a government that is poor. All governments are in debt. Good governments apply surplus revenue to the reduction of debt. It behooves the people of any country to economize the taxes. Demands for public purposes are often satisfied with reluctance. The Treasury might undertake to pay subsidy, but it would be the pockets of the people that would give up the funds. The Government, as a principal, would bestow nothing. Here is an interesting question: Would the people of the United States, at any time since the gaining of their Independence, have ratified a Constitution that provided for shipping subsidies? If they were to consent to "Treasury aid" to-day, *could they be depended on to continue for this purpose to tax themselves year after year for future time?* To illustrate practically, let us resort to supposition.

Suppose that in 1817, instead of making a regulation that only American vessels could have employment in our domestic trade, Congress had adopted (if it could have done so) the sub-

sidy principle, and paid bounty or "compensation" to our own vessels, for leaving foreign craft free to run from port to port with passengers and freight, how much would it have cost annually or in the whole for the period, to have secured a monopoly, as we have had all along, of this immense transportation business? The time is 85 years: could it have been accomplished by an expenditure of \$5,000,000 a year, on the average, or a gross amount of \$425,000,000? If so, would a single sane Congressman have advocated and voted for such a policy? Cut down these figures to *one tenth*, and then no Congress would adopt this policy now so much approved; but if adopted and started, it would fail of a certainty. First, because the people would not have paid the taxes; second, because foreigners would have found a footing for their vessels, and ultimately, by competition, have secured a share of the business — perhaps the most of it. How puerile, as well as futile, it would have been, to have taxed the people for subsidy, on the ground that it would be impolite — too strenuous — to exclude by law foreign vessels from our coasting, river, and lake trades — as we have done. And there has been NO "retaliation."

*Special Incompetency of Subsidy.* Again, what could subsidy accomplish towards *employment* in the foreign trade where "rings" must be defeated — *broken and dispersed* — in order to get even the corner of a field for competition? A simple regulation that foreign vessels shall not interfere in the trade of American vessels with foreign countries, but *bring goods from their own countries only*, is all that is necessary to clear a field, immense in extent, *for the employment of vessels bearing the flag of the United States*. Shall Congress mince its policy, concede it is impolite, too strenuous — boorish — to make this regulation, that they prefer to tax the people for millions annually, hoping that subsidy may work effectively, fearing that even *it* may offend a rival or make an enemy?

And again, what will bounty or bonus avail to procure freights for American ships against a combination or "trust" of foreign insurance companies, that has tabooed their *employment*, in the interest of shipping of their own flag? Such "trusts" exist, and more may be easily formed.

And yet again, what extent of "compensation" will nullify the rules of the Corn Exchanges in England, established as a convenient means of excluding American underwriters from the insurance of cargoes of grain or flour in American (or even in foreign) bottoms, on the calculation that they would give justice to such vessels in disregard of British policy to drive them out of business? Why, it is a subject of complaint to-day, that British Corn Exchanges and British lines of ocean transportation have so fixed rules of delivery and rates of freight that shipments of *flour* have been stopped from the United States. No tariff has been necessary. The combine of the *milling business* in England has all the commercial and financial power required. Shall Congress apply subsidy to it — pay our millers "compensation," *if* they ship flour to the British market? If not, why not?

In short, what real virtue is there in this scheme of subsidy for owners of freighting vessels — the use of public money in spite of the Constitution — to compel *fair play* towards our shipping and fair treatment of our exports? The fight is not for higher freights, but for *employment*. British ships survive because they get employment. Take the world over, what can subsidy do but pay a ship for idle time or for running in ballast? Where competition is *open*, it may sometimes be a feeble help in getting cargoes; but where competition is partly or wholly closed, subsidy will effect nothing. Without subsidy, we have yet a few ships getting employment, and where they get this chance they live. But to compel fair play — the opening of competition — subsidy has no more power than the fistfuls of grass had in the farmer's hands, to make the bad boy get down from his apple-tree. It took stones to do the work. It is true that we see French ships going out in *ballast* to Puget Sound ports for cargoes of wheat to Europe. The bounty given makes the voyage pay. These vessels are few in number. It is a marine of *sufficient size to handle our commerce*, not a pigmy affair like that of France, now twenty-two years under bounty, that is thought of, when an *American marine* is in mind. No aid that the Treasury can give, with the consent of the people, will ever secure this object. If it could, *the cost* of

maintenance, or the first war with a naval power, would break the system down. Pretext and pretense aside — *really the fear of British displeasure* — our Government has the power at any time to make a *preference by law* for the employment of American vessels in American commerce. There Governmental responsibility should end, and does end under our Constitution.

*Bounty Experience of France and Italy.* But let us trace the subsidy line a little further. France and Italy have bountied marines — what is their experience *in our trade*, the one our vessels must run in? France has been aiding her marine for twenty-two years, with no sign that it will ever, by such means, be large enough for her commerce.<sup>1</sup> Italy has been following France for seventeen years with no more success. The vessels of both nations run freely in our foreign trade. The question is this: If the stimulus of Treasury "aid" would prove as powerful a remedy for shipping decay, and as potential in causing growth and development of shipowning and shipbuilding, as some fancy that it would, how happens it that the commerce

<sup>1</sup> The French have just increased their several gratuities for the third time. The construction bounty will be 65 f. (\$12.35) per gross ton. The navigation bounty, minimum for steamers, will be 1 f. 50 c. (\$2.85) per ton per 1000 miles sailed. For machinery 15 f. per 100 kilogrammes (\$25.85) per net ton weight is allowed. Foreign-built steamers will receive sailing bounty when a majority of directors and the president are French, but less in amount than for French-built vessels. There is, also, an outfit bounty designed to improve the grade of ships for use in time of war. This is fixed per day when they are in commission, whether employed or not, per gross tonnage as follows: For each ton up to 2000 tons, 5 centimes (1 cent); for each ton above 2000 tons, and up to 3000 tons, 3 centimes; for each ton above 4000 tons, 2 centimes, for 300 days in the year.

The French have no economic excuse for *navigation* bounties, their vessels being sailed nearly as cheaply as the cheapest. The new construction bounty will approximate, in some cases, *half the cost* of steamers, annually, and yet it will be found that the French marine will not enlarge materially. Bounties will not diminish British competitive power. So say British writers. The maximum limit of expenditure, annually, is \$28,950,000.

The lowest estimates fix the sum paid to foreign shipowners, annually, for freightage at 300,000,000 francs, and to French owners at 100,000,000 francs, three fourths of the French sea traffic being in the hands of foreigners. This is a larger proportion than existed when the bounty system was adopted.

of our principal ports has not yet been carried in large degree — aye, to any extent — by these two flags? In other words, why has British shipping, which carries the lion's share for these ports, been apparently unaffected? These two flags have lost while the British were gaining. For convenience we may take the custom-house returns of *tonnage taxes* paid annually by foreign and our own vessels. The following table shows the amount of tax paid, with the percentage of the whole tax paid by all nations, stated for both countries : —

## (13) TONNAGE TAX PAID BY FRANCE AND ITALY.

Year.	Annual Collections.	France Paid.		Italy Paid.	
		Amount.	Percentage.	Amount.	Percentage.
1893 . .	\$539,233	\$15,368	2.85	\$15,519	2.88
1894 . .	539,028	14,503	2.69	13,101	2.43
1895 . .	523,345	13,378	2.55	11,816	2.25
1896 . .	544,255	13,736	2.52	11,429	2.09
1897 . .	731,769	15,720	2.15	13,132	1.79
1898 . .	846,771	15,604	1.84	12,554	1.48
1899 . .	834,087	14,202	1.70	16,577	1.98
1900 . .	880,482	16,543	1.87	18,439	2.08
1901 . .	903,138	16,463	1.82	24,955	2.76

Thus, since 1893, French vessels have paid, each year, less and less of *proportionate* tonnage tax. The same has been the case with Italian vessels, except for the last two years, caused solely by their coming for coal. *Per contra*, look at the falling off in *proportionate* carrying. It is this that is significant.

A further illustration will be found in the table following, in which is shown the percentage of tonnage tax paid by vessels of the United States,<sup>1</sup> Germany, Norway, and Great Britain, the three last paying no more subsidy, in proportion to the tonnage of their marines, than ourselves. Suffering for protection, our showing is poor.

<sup>1</sup> Our vessels in domestic trade pay no tonnage tax.

## (14) PERCENTAGE OF OUR TONNAGE TAXES PAID, BY COUNTRIES.

Year.	United States.	Germany.	Norway.	Great Britain.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1893	12.98	3.30	6.16	62.80
1894	13.51	3.09	5.47	65.29
1895	13.24	3.17	4.93	65.85
1896	12.28	3.44	5.43	66.03
1897	9.68	7.50	5.68	65.45
1898	7.48	10.17	5.55	65.27
1899	7.89	11.14	5.75	63.34
1900	7.83	11.58	5.64	59.42
1901	7.48	11.37	5.60	61.93

The British flag has lost *proportionate* carrying since 1896. The Norwegian holds its average; in seven years *the German has gained 368 per cent.*; while our flag has lost in seven years more carrying than the Norwegian commands. The conspicuous thing is the German gain, which our subsidy advocates ascribe to State "aid" — in ignorance of the facts in the case. The following public letter from the Director-General of the Hamburg-American Line, sent in September, 1901, to a London periodical, is in point.

*Herr Ballin on German Shipping and Subsidies.* "For a long time past the assertion has repeatedly been made in the English press that the success of the German merchant marine is to be attributed to large subsidies paid by the German Government. The Hamburg-American line has been particularly pointed out as owing to the material assistance received from the Government its ability to run steamships like the *Deutschland*, and its development into the largest shipping company in the world.

"I have so far never looked upon these statements as sufficiently important to demand public rectification. Observing, however, that of late in your country intense interest seems to be taken in this question, so that hardly a day passes without prominent English papers dealing with this subject, I now think I ought to correct this erroneous idea about *German shipping subsidies*; and I therefore beg to state that up to the year 1900 the Hamburg-American Line never received any Government subsidy. Since last year we are sharing in a subvention granted for the maintenance of a regular fortnightly mail service between Germany and the Far East and up to the present two of our steamers are running under this contract. Last year the share which we

received out of this subsidy amounted to about \$65,000. For this the mails have to be forwarded without further payment; and there are so many conditions relating to the high class of vessels, speed, itinerary, etc., that the subsidy so far has proved to be insufficient for the realization of a profit.

"For none of our other lines is a contribution paid by the State; and for the conveyance of mails on all these lines we receive nothing but the customary rates, which are certainly not larger in Germany than in your country. We do not even receive the subsidy which the British Government pays to the British steamship companies for fitting and keeping certain specially suitable steamships at the disposal of the Admiralty in case of mobilization. The large German steamship companies have hitherto agreed to render like services without demanding any payment in return."

*Subsidies in Germany and England.* The English continuing the charge that subsidies have helped German shipping wonderfully, Herr Ballin took occasion in a speech, June, 1902, to deprecate subsidies in general. He had in mind the *London Times*, of late seeming to favor the granting of subsidies to English shipping, regardless of service to the Government. He said: "A policy of bounties on the part of England capable of giving that country a really decided commercial advantage *would simply have to be imitated* by her leading competitors. The English shipping trade would then be forced into an unwonted and *precarious* channel without obtaining any advantage. These are the reasons why it is impossible to adopt too emphatic a tone in condemning any overrating of the subsidy system."

*German Strength and British Weakness.* The point of the matter is this: Germany, on becoming a nation, found itself without its proper share of shipping. The people believed in national unity. The establishment of national policy for national objects appealed to the patriotism of the German people in every part of the world, and they have endeavored *to give their carrying to vessels of their own flag*. Thus the German marine has grown by securing *employment*. Moreover, its owners have entered into combinations to secure *freights*, paying rebates to shippers, as the British do. Withal, German companies are strong in capital and give cheap insurance. The British underwriter cannot handicap German trade or transpor-

tation. The prospect is that German shipping will soon attain capacity commensurate with German commerce wherever it may exist or can be created. Then competition will be harder.

With England, the case is entirely different. She has upon the sea about 165 per cent. *more tonnage* than is sufficient for her own commerce. As she could not hold German transportation, so under proper conditions she could not hold American. As fast as the nations using her extra tonnage shall establish and increase marines of their own, just so fast will England lose her preëminence and her dominance. She cannot peaceably so regulate the trades of other nations as to hold their business firmly; nor can she afford to pay subsidies to retain work for her shipping. If peace continues, all the nations of the earth will one day possess their own navigation. In that day the shipping of England must find its carrying power leveled down to the wants of her own and her colonial commerce.

*More Zeal than Knowledge.* The argument confuted by Herr Ballin is one well calculated to impose upon the credulous. Another example may be given — from a report of the Commissioner of Navigation: —

“In one form or another European nations and Japan expend annually, according to the latest reports available, over \$26,000,000 on their national merchant shipping, while, for the past fiscal year, the United States expended \$998,211. Effort abroad has been followed by growth; lack of effort here has as surely been followed by decline.”

Let us hold this up to the light: the foreign nations referred to are credited in *Bureau Veritas* statistics with an aggregate of 25,112,205 tons of shipping. It is this aggregate of foreign tonnage that our marine in foreign trade competes with for employment. Its subsidy is plainly,  $\$26,000,000 \div 25,112,205 = \$1.03$  — one dollar and three cents per ton. The report of the Commissioner of Navigation for the year referred to states our “foreign trade” tonnage — the same that competes with that of Europe and Japan — at 837,064 tons. Its subsidy is, manifestly,  $\$998,211 \div 837,064 = \$1.16$  — one dollar and sixteen cents per ton, or 12.6 per cent. over the foreign largess. Moral: Beware of comparisons that argue adversely.



## CHAPTER XXIII.

### DOCTRINE OF BOUNTIES ADVERSELY SETTLED BY CONGRESS.

*The Fishery Bill Debate of 1792.* The tenor of the Constitution with respect to *bounties* had an emphatic rendering at an early day. In February, 1792, the Senate passed a bill for "An act for the *encouragement* of the Bank and other Cod Fisheries, and for the regulation and government of the fishermen employed therein." After debate, amendment, and passage in the House, the title was changed to: "An Act concerning certain fisheries of the United States, and for the regulation and government of the fishermen employed therein."

*First Section of the Senate Bill.* "That the *bounty* now allowed upon the exportation of dried fish of the fisheries of the United States, shall cease on all dried fish exported after the 10th day of June next; and in lieu thereof, and for the more immediate *encouragement* of the said fisheries, there shall be afterwards paid, on the last day of December annually, to the *owner* of every vessel, or his agent, by the Collector of the District where such vessel may belong, that shall be qualified agreeably to law, for carrying on the Bank and other Cod-fisheries, and that shall actually have been employed therein at sea, for the term of four months at least, of the fishing season next preceding (which season is accounted to be from the last day of February to the last day of November in every year), for each and every ton of such vessel's burden, according to her admeasurement, as licensed or enrolled; if of 20 tons and not exceeding 30 tons, \$1.50, of which bounty three-eighths parts shall accrue and belong to the owner of such fishing vessel, and the other five-eighths thereof shall be divided by him, his agent or lawful representative to and among the several fishermen who shall have been employed in such vessel, during the season aforesaid, or a part thereof, as the case may be, in such proportion as the fish they shall have respectively taken may bear to the whole quantity of fish taken on board such vessel during such

season. Provided, that the bounty, to be allowed or paid on any vessel for one season, shall not exceed one hundred and seventy dollars."

*The Debate in Committee.* Mr. Giles, of Va., having doubt about the principle of the bill, moved to strike out the first section; observing that "he could not positively assert, whether the reasons which determined him against the *principle* of the bill were well founded or not; that in matters where a local preference is given, it is necessary to accommodate; and he would be happy if his objections could be removed.

"The present section of the bill appears to contain a *direct bounty on occupations*, and if that be its object, it is the first attempt as yet made by this Government to exercise such authority; and its constitutionality struck him in a doubtful point of view; for in no part of the Constitution could he, in express terms, find a power given to Congress to grant bounties on occupations: the power is neither directly granted, nor (by any reasonable construction that he could give) annexed to any other power specified in the Constitution. It might perhaps be brought in under a mode of construction already adopted by the House, viz.: that of 'ways and ends' by which any power whatever might be equally implied; but he wished ever to see some connection between a specified power and the means adopted for carrying it into execution. There is a great difference between giving *encouragement*, and granting a *direct bounty*. Congress have a right to regulate commerce; and any advantage thereby resulting to a particular occupation connected with commerce comes within that authority; but when a bounty is proposed to a particular employment or occupation, this is stepping beyond the circle of commerce; and such a measure will affect the whole manufacturing and agricultural system. In all cases, the revenue, to be employed in this bounty, is drawn from *all the sources* of revenue in the United States, and confined to a particular object."

*Individual Rights forbid Bounties.* Mr. Giles was averse to bounties in almost every shape, "as derogations from the common right;" and he thought there would be no great difficulty in proving that a Government is both unjust and oppres-

sive in establishing exclusive rights, monopolies, etc., without some very substantial merit in the persons to whom they are granted; although even in that case, the propriety of such grants is still questionable. "Under a just and equal government every individual is entitled to protection in the enjoyment of the whole product of his labor, except such portion of it as is necessary to enable Government to protect the rest; this is given only in consideration of the protection offered. In every *bounty, exclusive right, or monopoly*, Government violates the stipulation on her part; for by such a regulation, the product of one man's labor is transferred to the use and enjoyment of another. The exercise of such a right on the part of Government can be justified on no other principle than that the whole product of the labor of every individual is the real property of Government, and may be distributed among the several parts of the community by governmental discretion; such a supposition would directly involve the idea that every individual in the community is merely a slave and bondman to Government, who, although he may labor, is not to expect protection in the product of his labor. An authority given to any government to exercise such a principle would lead to a complete system of tyranny." . . .

*A Drawback must not cloak a Bounty.* "Although the apparent intention of the bill is only to convert the present existing drawbacks into a bounty; yet the drawbacks being allowed only to the *actual exportation* of the fish, and the *bounty* being granted on the *tonnage* of the fishing vessels, there can be no comparative value between the drawback and the bounty; they have no *necessary relation* to each other, and the latter may exceed the former, or the former exceed the latter. He had made a calculation, and upon the most favorable principles, grounded upon the reports of the Secretary of the Treasury and the Secretary of State." He then offered a calculation tending to show that the proposed bounty on the *tonnage* of the fishing vessels would considerably exceed the amount of the present drawbacks. From a comparison between the bounty and the number of sailors employed in the fisheries, he showed what an expense each man would be to the United

States ; and after other remarks, observed that " even Great Britain, whose whole national support and defense depends on her navy, had found that the men employed in the fisheries, thought so necessary for that defense, cost her too much ; that America, whose consequence as a nation does not depend on a navy, ought to take a lesson from the experience of Britain, . . . we could not compete with her, and would only exhaust the Treasury." . . .

*Views of Mr. Murray, of Md.* " In order to demonstrate the propriety of the measure, it would be incumbent on the friends of the bill, first, to prove that the fisheries trade is in a state of decay ; that the stock employed in it does not yield the ordinary profits, so as to justify the merchants in embarking their capital in this branch of trade : that there is a *system of defense* in contemplation, which the circumstances of the country call for, and which this trade is calculated to furnish ; that other branches of trade, which do not stand in need of encouragement, are not equally capable of furnishing seamen for the purpose ; that this particular object so peculiarly claims the attention and encouragement of the United States as to leave far behind every consideration of the manufacturing interest, the agricultural industry, etc. All this was necessary for gentlemen to prove, and to show some very strong necessity for encouraging one particular class of men, in preference to all others."

*Mr. Goodhue, of Mass., in Reply.* " It happens that the fisheries of the United States are almost entirely confined to the State of Massachusetts ; and they furnish a *principal* portion of our export trade. As we are a part of the United States, the United States in general are interested in the prosperity of that branch of business, so far at least as it contributes to the national defense : it furnishes a copious nursery of hardy seamen, and offers a never-failing source of protection to the commerce of the United States. If we engage in a war with any European Power, those seamen will be excluded from their ordinary employment, and must have recourse to privateering. During the late war with Britain, we annoyed the enemy more in that line than all others ; and had it not been for privateer-

ing, it would often have been impossible to keep together our armies, who were frequently, in the hour of need, supplied by the privateers with ammunition and clothing, of which they were wholly destitute. All that we wish to obtain by this bill is *that we may not be burdened with duties*. An opinion has been entertained, that no drawbacks ought to be allowed on the reëxportation of articles imported from foreign countries; but if this opinion were to obtain in practice, and no drawbacks were to be admitted, we must confine our importation to articles for our own consumption. The drawback, allowed by the existing law, on the exportation of salt fish, was calculated to be *only equal to the duty* beforehand paid on the quantity of salt used in curing the fish; but the fishermen complain that, as the act now stands, they are wholly excluded from any participation in the benefit, which centres entirely in the coffers of the merchants. The object of the present bill is only to repay the same money into the hands of those persons who are immediately concerned in catching the fish; and there can no reasonable objection be made to such a transfer of the drawback, as Government will not lose a single dollar by the change. The gentleman from Virginia talks of the unconstitutionality of granting *bounties*; BUT NO BOUNTY IS REQUIRED."

*New Mode of Calculating Drawback.* "We only ask in another mode the usual drawback for the *salt* used on the fish. If we can make it appear that the bill does not contemplate any greater sums to be drawn from the Treasury than are already allowed, it is to be hoped that no further opposition will be made to the measure: and that this is really the case can be proved by documents from the Treasury office."

He read a statement and calculation to prove his assertion; and to show that the United States will probably pay \$1000 per annum less in the proposed "bounties" on the *tonnage* of the fishing vessels, than they would in the *drawbacks* on the exportation of the fish.

"The fishermen are now under no control; and in consequence of this want of a proper restraint they often take whims into their heads and quit the vessels during the fishing season. To prevent the inconveniences of this practice, the bill contem-

plates their exclusion from the 'bounty,' unless they enter into such contracts and regulations as may be found necessary for the proper and successful conducting of the business, which, from our advantageous situation, would be entirely in our hands, if we did not meet such opposition and discouragement from foreign nations, whose bounties to their fishermen, together with the duties laid upon our fish, would, to persons less advantageously situated than us, amount to a total prohibition. In the report from the Secretary of State,<sup>1</sup> a drawback is contemplated of the duties on *all foreign articles* used by the seamen employed in the fishing trade, such as coffee, rum, etc.; but we ask it on *salt alone*; nor is it asked as a bounty, but merely as a transfer from the hand of the merchant to that of the fishermen."

*The Word "Bounty" the Stumbling-Block.* Mr. White, of Va., had no objection to give the trade a proper degree of *encouragement*; but he did not relish the idea of granting "bounties;" if any gentleman would prepare an amendment, so as to make them drawbacks *in fact*, as well as in words, he would consent to the measure.

*Defects of Existing Law.* Fisher Ames, of Mass., spoke of the necessity of fixing a point of agreement. Said he: "Law is in some countries the yoke of Government which bends or breaks the neck of the people; but, thank Heaven, in this country, it is a man's shield — his coat of mail — his castle of safety. It is more than his defense; it is his weapon to punish those who invade his rights — it is the instrument which assists — it is the price that rewards his industry.

"If I say that fishermen have equal rights with other men, every gentleman feels in his own bosom a principle of assent. If I say that no man shall pay a tax on sending his property out of the country, the *Constitution* will confirm it; for the *Constitution* says *no duty shall be laid on exports*. If I say, that on exporting dried fish, the exporter is entitled to draw back the duty paid on the salt, I say no more than the law of the land has confirmed. Plain and short as these principles are, they include the whole controversy. For I consider the

<sup>1</sup> Mr. Jefferson is alluded to.

law allowing the drawback as the right of the fishery ; the defects of that law as the wrong suffered, and the bill before us as the remedy. The defects of the law are many and grievous. Supposing 340,000 quintals exported, —

“ The salt duty is, \$42,744 ; the drawback is only \$34,000 ; loss to the fishery, \$8,744. Whereas, Government pays \$45,900 (at  $13\frac{1}{2}$  cents, including charges of  $3\frac{1}{2}$  cents on a quintal) : which is \$11,900 beyond what the Government receives, being a clear loss to the Government of \$3156.

“ So that though the whole is intended for the benefit of the fishery, about one quarter of what is paid is not so applied, and there is a heavy loss to both parties. . . .

“ This bill is defended on three grounds : first, it will promote the national *wealth* ; second, the national *safety* ; third, *justice* requires it ; the last is fully relied on. . . .

“ It would be bad economy, as well as bad policy, to suffer rival nations to ruin our fishery.<sup>1</sup> The regulations of foreign nations tend to bring this ruin about. France and England equally endeavor to mount their marine on the destruction of our fishery. The fishers at Newfoundland are allowed *liberal bounties* by the English Government ; and in the French West Indies we meet *bounties on their fish* and duties (salt, etc.) on our own, and these amount to the price of the fish. From the English islands we are quite shut out ; yet such is the force of our natural advantages, that we have not yielded to these rivals. . . .

“ Yet, instead of asking *bounties*, or a remission of the duties on the articles consumed, we ask nothing but to give us our money back, which you received under an engagement to pay it back, in case the article should be exported. . . .

“ It is known the war could not have been carried on without them (the fishermen). Among other exploits almost beyond belief, one instance is worth relating : these people, in a privateer of 16 guns, and 150 men, in one cruise, took more than 20 ships, with upwards of 200 guns, and nearly 400 men. The privateers from a single district of Massachusetts, where the

<sup>1</sup> It is a pity that the spirit of FISHER AMES could not have inspired his successors to cry out against “ rival nations ruining ” *our marine*.

fishery is chiefly seated, took more than 2000 vessels, being one third of the British merchant vessels, and brought in near 1200 of them." . . .

(Then he offered statistics to prove his contention.)

"We rely on the evidence before you, *that the public will not sustain the charge of a dollar*. Those ought not to doubt the evidence who cannot invalidate it. If then the fishermen ask you to restore only their own money, will you deny them? Will you return to every other person exporting dutied goods the money he has paid, and will you refuse the poor fisherman?"

*An Amendment that did not amend.* Mr. Gerry, of Mass., having moved to strike out the words "bounty allowed" in order to insert *allowance made*, by way of accommodation, Mr. Murray observed, that —

"The question was, whether *a bounty* should be given for the encouragement of the fishery: the amendment did not alter the principle — it was still 'the old cocked hat' on the one hand, and on the other, '*the cocked old hat*.'" . . .

MR. GERRY. — "The State of Massachusetts asks nothing more than equal justice. We do not come forward to request favors from the United States; we only wish that the same system which is applied to other parts of the Union may be applied to us. But in examining this question, we wish that gentlemen would not make distinctions which will not admit of a difference.

"The proposed allowance has been called *a bounty on occupation*, and is said to be very different from that encouragement which is the incidental result of a general commercial system; but in reality it is no bounty: *a bounty is a grant, made without any consideration whatever, as an equivalent*; and I have no idea of a bounty which admits of receiving from the person, on whom it is conferred, the amount of what is granted. We have imposed a duty on *salt*, and thereby draw a certain sum of money from the fishermen: the drawback is, in all instances, the amount of the money received. . . .

. . . "A commercial war is waged against the American fisheries by foreign nations, who lay heavy duties on the American fish, and apply the produce of these duties in bounties to



their own fishermen; and their fisheries being less extensive than ours, the duty thus imposed on our fish, and bestowed in bounties to their vessels, operate in a twofold proportion to the discouragement of our fishermen, and the encouragement of theirs." . . . (Here he read a statement, to show the diminution of the revenue in consequence of the failure of the fisheries.) "The only question now is, whether this be a direct bounty, or simply a *commutation* of the allowance already granted by Congress?" . . .

*Unconstitutional Features of the Bill.* Mr. Williamson, of North Carolina, discussed the whole subject of "bounties:" —

"It has been urged with great propriety, in favor of the bill, that the operation of our laws should in all cases tend to encourage useful industry; that while we are giving back the duties *on all other foreign goods* which are exported, it would be unjust and cruel to refuse a full drawback of the duties *on salt* which may be exported, especially when the circumstances of its exportation are attended with an increase of riches and strength to the nation. Impressed as I am with the force of these arguments, and desirous as I am *to protect and encourage* the native seamen of America, by all prudent, practicable, and *constitutional* means, I shall nevertheless find it my duty to vote for striking out the first section of the bill, *because it proposes to give a bounty for the encouragement of the VESSELS* employed in the fisheries.

"We have been told that the *name* is improper; that it is simply a drawback of the duty on salt; and gentlemen have produced a very ingenious calculation, by which they attempt to prove that in some years it may happen that the whole duty on the salt will not be repaid; but they admit that in some years the drawback or 'bounty' will exceed the duty. It is certainly their opinion — and in this we are perfectly agreed — that the money to be paid will be more than that received, else there had been no use for so large an appropriation. We shall not trouble the Committee with calculations on this subject. It is conceded that the encouragement to be given probably will exceed the full drawback of the duty on salt. In other words, a *douceur*, or a proper bounty, is to be given: let us call it

\$1000 per annum. Is it within the powers of this Congress to grant bounties? I THINK NOT; and on *this single position* I would rest the argument."

*Adverse Provisions of the Constitution.* "In the Constitution of this Government there are two or three remarkable provisions, which seem to be in point. It is provided that direct taxes shall be apportioned among the several states according to their respective *numbers*. It is also provided that all duties, imposts, and excises shall be *uniform* throughout the United States, and it is provided that *no preference* shall be given, by any regulation of commerce or revenue, to the ports of one State over those of another. The clear and obvious intention of the articles mentioned was that Congress might not have the power to gratify one part of the Union by oppressing another. It appeared possible, and not very improbable, that the time might come when, by greater cohesion, by more unanimity, by more address, the Representatives of one part of the Union might attempt to impose *unequal taxes*, or to relieve their constituents at the expense of other people. To prevent the possibility of such a combination, the articles that I have mentioned were inserted in the Constitution. Suppose a poll-tax should be attempted; suppose it should be enacted that every poll in the Eastern States shall pay a tax of *half a dollar*, and every poll in the Southern States should pay a tax of *one dollar*. Do you think we should pay the tax? No, certainly. We should plead the Constitution, and tell you that the law was impotent and void.

*Sectional Nature of Bounties.* "But we have been told that Congress may give *bounties* for useful purposes; that is to say, they may give bounties *for all imaginable purposes*; because the same majority that votes the bounty will not fail to call the purpose *a good one*. Establish the doctrine of bounties, and let us see what may follow. Uniform taxes are laid to raise money, and that money is distributed — *not uniformly*; the whole of it may be given to the people in one end of the Union. Could we say, in such a case, that the tax had been uniform? *I think not*. There is certainly a majority in this House who think that the nation would be stronger and more

independent, if all our labor was performed by *free men*. This object might be promoted by a bounty. Let a poll-tax be laid, according to the Constitution, of *one dollar per poll*; in this case, 60 cents must be paid for each slave; and the number of slaves being 680,186, their tax would amount to \$334,911. To encourage the labor of citizens, let Congress give an annual bounty of *one dollar* to every free man who is a mechanic, or who labors in the field. We might be told that the bounty was small, and the object was good, but the measure would be most oppressive, for it would be a clear tax of rather more than \$300,000 on the Southern States.

"Perhaps the case I have put is too strong, — Congress can never do a thing that is so palpably *unjust*, — but, this, sir, is the very mark at which the theory of bounties seems to point. The certain operation of that measure is the oppression of the Southern States, by superior numbers in the Northern interest. . . . Wherefore was it provided that no duty should be laid on exports? Was it not to defend the great staples of the Southern States — tobacco, rice, and indigo — from the operation of unequal regulations of commerce, or unequal direct taxes? . . . Establish *the general doctrine of bounties*, and all the provisions I have mentioned become useless. *They vanish into air*. The "common defense and general welfare," in the hands of a good politician, may supersede every part of our Constitution, and leave us in the hands of time and chance. Manufacturers, in general, are useful to the nation; they promote the public good and general welfare. How many of them are springing up in the Northern States? Let them be properly supported *by bounties*, and you will find no occasion for unequal taxes. The tax may be equal in the beginning — it will be sufficiently unequal in the end."

*The True Question of the Bill.* "We are told that a nursery of seamen may be of great use to the nation, and the bounty proposed is a very small one. These, sir, are the reasons why I have marked this *as a dangerous bill*; . . . The *object* of the bounty, and the amount of it, are equally to be disregarded in the present case; we are simply to consider whether bounties *may safely be given* under the present Constitution. . . . We

shall not hear of a bounty for raising rice, or preparing naval stores. If that was the question, the general welfare would not have such prominent features. . . . Establish the doctrine of bounties, set aside that part of the Constitution which requires equal taxes and demands similar distributions, destroy this barrier, and it is not a few fishermen that will enter, claiming ten or twelve thousand dollars, but all manner of persons may enter at the breach, until they have eaten up the bread of our children. . . .

“ While I would shun bounties as leading to dangerous measures, I am not inattentive to every argument that has been advanced by the honorable member who first rose in defense of the bill. . . . If our object is to encourage industry, and to increase our commerce, by sending fish to a foreign market, we must adhere to the *drawback*; for, according to the terms of the bill, the bounty is to be paid, though every fish that is caught should be consumed in the country: in which case we should be paying a *visionary drawback*, when nothing was exported. . . .

“ I shall submit the outline of a plan that seems to comprehend all the useful parts of the bill without any speculation upon bounties.

*A Safe and Proper Measure.* “ If the drawback in dried fish exported is not equal to the duty on the salt used in curing such fish, let the drawback be increased to 11 or 12 cents, as the case may be. Let us suppose that the drawback for the next year will be equal to the drawback on the last year; and let that sum of money, being the expected drawback, be divided between the seamen and owners, according to the terms of the bill. The accounts must be made up annually. If the drawback exceeds the allowance that has been made, the difference will be considered as advance to the fishery, and the allowance for the next year must be somewhat reduced, according to the actual amount of the drawback. If the fishermen are more fortunate or more active, and the exports are increased, the allowance for the next year must be raised. The rule being fixed by law, all that remains, being pure calculation, may be done from year to year by the Executive. Every important object of

this bill that has been presented to our view may be obtained by *safe and constitutional steps*. Why should a man take a dangerous and doubtful path, when a *safe one* presents itself? If nothing more is desired than to *regulate and protect the fishery*, the bill may be altered and accommodated to that purpose. *If the theory of bounties* is to be established, by which the Southern States must suffer while others gain, the bill informs us of what we are to expect."

*The Idea of Bounty Disclaimed.* Mr. Goodhue replied to Mr. Williamson: "The gentleman last up says that an appropriation of money being made by the bill now before us, and the Treasury standing pledged for the payment, therefore a direct bounty is granted. At present we pay in drawbacks about \$45,000; but we cannot say that this sum will be adequate to the payment of the drawbacks next year; for, if a greater quantity of fish be taken, a greater sum of course must be allowed; and as the sum depends entirely on the quantity of fish, it is impossible to ascertain beforehand the precise amount. There is not, however, in the whole bill, any thing of a bounty, *except the bare name*. The gentleman allows that we may *commute* the present drawbacks, and give them to the fisherman instead of the merchants; but it is impossible to do this with safety in any other mode than that pointed out in the bill. Shall we leave it to the fisherman, to be determined by his oath? This would not be advisable.

"The plan proposed is a much less exceptionable one. It is founded on a calculation that a certain quantity of *tonnage* is employed in taking a certain quantity of fish. On this calculation the allowance is proportionate to the *tonnage*. If gentlemen think the allowance too high, let the sum be reduced; but let it not be *stigmatized* as a bounty. *It is no such thing*. The word 'bounty' is an unfortunate expression, and I wish it were entirely out of the bill."

Mr. Livermore, of N. H., said: "Whilst the drawback is payable only to the merchant who exports the fish, it is impossible to convince the fishermen that they reap from it any advantage whatever; or if the more discerning among them do perceive any advantage in it, the others who are not so clear-

sighted cannot discern it, and are therefore not disposed to undertake the business. . . .

"If gentlemen are disputing only because the word 'bounty' is in the bill, they may be perfectly relieved from their uneasiness on that score ; for the bill expressly says, 'that the bounty now allowed upon the exportation of dried fish *shall cease*, and in lieu thereof,' a different kind of encouragement is to be given. Here is no reason to dispute about a word." . . .

Mr. Lawrence restated his former argument that bounties may be paid, especially to aid in defense of the country.

*Madison's Clear Speech opposing Bounties.* "In the conflict I feel between my disposition on one hand to afford every constitutional encouragement to the fisheries, and my dislike, on the other, of the consequences apprehended from some clauses of the bill, I should have forborne to enter into this discussion, if I had not found, that over and above such arguments as appear to be natural and pertinent to the subject, others have been introduced which are, in my judgment, contrary to the true meaning, and even *strike at the characteristic principles* of the existing Constitution. Let me premise, however, to the remarks which I shall briefly offer, on the doctrine maintained by these gentlemen, that I make a material distinction in the present case between *an allowance as a mere commutation and modification of a drawback* and an allowance in the nature of *a real and positive bounty*. I make a distinction also, as a subject of fair consideration at least, between a bounty granted under the *particular terms* in the Constitution, 'a power to regulate trade,' and one granted under *the indefinite terms* which have been cited as authority on this occasion — ('general welfare'). I think, however, that the term 'bounty' is in every point of view *improper* as it is here applied, not only because it may be offensive to some, and, in the opinion of others, carries a *dangerous implication*, but also because it does not express the true intention of the bill, as avowed and advocated by its patrons themselves. For, if in the allowance nothing more is proposed than a mere reimbursement of the sum advanced, it is only paying *a debt*, and when we pay a debt, we ought not to claim the merit of granting a bounty.

"It is supposed by some gentlemen that Congress have authority, not only to grant bounties in the sense here used, merely as a *commutation for drawbacks*, but even to grant them under a power by virtue of which they may do anything which they may think conducive to the 'general welfare.' This, sir, in my mind, raises the important and fundamental question, whether the *general terms* which have been cited are to be considered as a sort of caption or general description of the specified powers, and as having no further meaning and giving no further power than what is found in that specification; or as an abstract and *indefinite delegation of power* extending to all cases whatever; to all such, at least, as will admit the application of *money*; which is giving as much latitude as any Government could well desire."

*A True Conception of the Constitution.* "I, sir, have always conceived — I believe those who proposed the Constitution conceived, and it is still more fully known, and more material to observe, that those who ratified the Constitution conceived — that this *is not an indefinite Government*, deriving its powers from the *general terms* prefixed to the specified powers, but a *limited Government, tied down to the specified powers which explain and define the general terms*. The gentlemen who contend for a contrary doctrine are surely not aware of the consequences which flow from it, and which they must either admit or give up their doctrine.

"It will follow, in the first place, that if the terms be taken in the broad sense they maintain, the particular powers afterwards so carefully and distinctly enumerated would be without any meaning, and must go for nothing. It would be absurd to say, first, that Congress may do what they please, and then that they may do this or that particular thing. After giving Congress power to raise money, and apply it to all purposes which they may pronounce necessary to the 'general welfare,' it would be absurd, to say the least, to supersede a power to raise armies, to provide fleets, etc. In fact, the meaning of the *general terms* in question must either be sought in the subsequent enumeration which limits and details them, or they convert the Government from one *limited*, as heretofore supposed, to the

enumerated powers, into a Government *without any limits at all*.

*Meaning of "Common Defense and General Welfare."* "It is to be recollected, that the terms 'common defense and general welfare,' as here used, are not novel terms, first introduced into this Constitution. They are terms familiar in their construction, and well known to the people of America. They are repeatedly found in the old Articles of Confederation, where, although they are susceptible of as great latitude as can be given them by the context here, it was never supposed or pretended that they conveyed any such power as is now assigned to them. On the contrary, it was always considered as clear and certain, that the old Congress was limited *to the enumerated powers*, and that the enumeration limited and explained the *general terms*. I ask the gentlemen themselves, whether it was ever supposed or suspected that the *old Congress* could give away *the moneys* of the States in *bounties*, to encourage agriculture, or for any other purpose they pleased? If such a power had been possessed by that body, it would have been much less impotent, or have borne a very different character from that universally ascribed to it."

*Consequences of a False Interpretation.* "The novel idea now annexed to these terms, and never before entertained by the friends or enemies of the Government, will have a further consequence, which cannot have been taken into the view of the gentlemen. Their construction would not only give Congress the complete legislative power I have stated—it would do more—it would supersede all the restrictions understood at present to lie in their power with respect to the *Judiciary*. It would put it in the power of Congress to establish Courts throughout the United States, with cognizance of suits between citizen and citizen, and in all cases whatsoever. This, sir, seems demonstrable; for if the clause in question really authorizes Congress to do *whatever they think fit*, provided it be for the 'general welfare,' of which they are to judge, and money can be applied to it, Congress must have power to create and support a Judiciary Establishment, with a jurisdiction extending to all cases favorable, in their opinion, to the *general welfare*,



in the same manner as they have power to pass laws and apply money, providing in any other way for the general welfare. I shall be reminded that, according to the terms of the Constitution, the Judicial Power is to extend to certain cases only, not to all cases. But this circumstance can have no effect in the argument, it being presupposed by the gentlemen that the specification of certain objects does not limit the import of general terms. Taking these terms as an abstract and indefinite grant of power, they comprise all the objects of Legislative regulation, as well as such as fall under the Judiciary article in the Constitution, as those falling immediately under the Legislative article; and if the partial enumeration of objects in the Legislative article does not, as these gentlemen contend, limit the general power, neither will it be limited by the partial enumeration of objects in the Judiciary article."

*Even Worse Consequences.* "There are consequences, sir, still more extensive, which, as they follow clearly from the doctrine combated, must either be admitted, or the doctrine must be given up. If Congress can apply money indefinitely to *the general welfare*, and are the sole and supreme judges of the general welfare, they may take the care of *religion* into their own hands; they may establish teachers in every State, county, and parish, and pay them out of the public Treasury; they may take into their own hands the *education* of children, establishing in like manner schools throughout the Union; they may undertake the regulation of all roads, other than Post-roads. In short, everything, from the highest object of State Legislation down to the most minute object of police, would be thrown under the power of Congress; for every object I have mentioned would admit the application of money, and might be called, if Congress pleased, provisions for the general welfare."

*Previous Opinion of the House opposed to Bounty Doctrine.* "The language held in various discussions of this House is a proof that the doctrine in question was never entertained by this body. Arguments, wherever the subject would permit, have constantly been drawn from the peculiar nature of this Government, *as limited to certain enumerated powers*, instead of extending, like other Governments, to all cases not particu-

larly excepted. In a very late instance — I mean the debate on the Representative bill — it must be remembered that the argument much urged, particularly by a gentleman from Massachusetts, against the ratio of 1 for 30,000, was, that this Government was unlike the State Governments, which had an *indefinite* variety of objects within their power; that it had a *small number of objects only* to attend to, and therefore that a smaller number of Representatives would be subject to administer it.

*Protection by Duties cannot argue Protection by Bounties.* “Several arguments have been advanced to show, that because, in the regulation of trade, indirect and eventual encouragement is given to manufactures, therefore Congress *have power to give money in direct bounties*, or to grant it in any other way that would answer the same purpose. But surely, sir, there is a great and obvious difference, which it cannot be necessary to enlarge upon. A duty laid on imported implements of husbandry would, in its operation, be an indirect tax on exported produce; but will any one say, that by virtue of a mere power to lay duties on imports, Congress might go directly to the produce or implements of agriculture, or to the articles exported? It is true, duties on exports are expressly prohibited; but if there were no article forbidding them, a power directly to tax exports could never be deduced from a power to tax imports, although such a power might directly and incidentally affect exports.”

*Bounties Subversive of the Constitution.* “In short, sir, without going further into the subject, which I should not have here touched on at all but for the reasons already mentioned, I venture to declare it as my opinion *that were the power of Congress to be established in the latitude contended for, it would subvert the very foundation, and transmute the very nature of the limited Government* by the people of America; and what inferences might be drawn, or what consequences ensue from such a step, it is incumbent on us all well to consider.”

*Proper Amendment indicated.* “With respect to the question before the House, for striking out the clause, it is imma-

terial whether it be struck out, or so amended as to rest on the avowed principle of a *commutation for the drawback*; but as a clause has been drawn up by my colleague, in order to be substituted, I shall concur in a vote for striking out, reserving to myself a freedom to be governed in my final vote by the modification which may prevail."

*British Interest in the Failure of our Fisheries.* Mr. Bourne, of Mass., recited several arguments for the passage of the bill, and added, "I cannot suppose that any one would, at this day, voluntarily relinquish it (the fishing business) and suffer Great Britain to monopolize this branch, and supply the Mediterranean, French, and other markets. Great Britain, at present, enjoys a sufficient portion of this commerce, while France is confined to the narrow limits of St. Peters and Miquelon. If we relinquish this branch of the cod fishery, what is left us? Our whale fishery is nearly at an end, and unless Government speedily interpose, by granting relief, we shall totally lose it. Does not the British Government wish to deprive us of this branch also? Have not letters or agents been sent to the island of Nantucket, as well as New Bedford, where this branch of business is principally prosecuted, inviting the *whale fishermen to remove*, and offering them permanent settlements at Milford-Haven, at the expense of their Government? This must be viewed as a great encouragement, in addition to their bounties on oil, to a class of poor men. If the cod fishery is relinquished, the fishermen have only to remove to the opposite shore of Nova Scotia, where they will find encouragement fully adequate to their services — of all which they are not unapprised."

*Argument against the Drawback System.* Mr. Page, of Va., opposed not only bounties, but the drawback system: —

"I much doubt whether Congress can give that encouragement to the fisheries to which they are entitled, and which policy would lead the Government to give, were it not restricted by the Constitution. I consider, sir, the Constitution as intended to remedy the defects of the Confederation to a certain degree; *so far only* as would secure the independence and general welfare of the Confederate States, without endangering the sover-

eignty and independence of the individual States. Congress, therefore, was authorized to *pay the debts* of the Union, and to regulate commerce partly for that purpose, and partly to prevent *improper and dangerous commercial combinations*, jealousies, and altercations between the States. But Congress was not intrusted with any regulation of exports which could admit of an interposition which might be dictated by partiality; nor was Congress permitted to lay any tax which could by any possibility operate unequally on the States in general. . . .

"It ought first to be proved that Congress has the power and authority to give them (the fishermen) the encouragement demanded; and even if Congress have that power, it ought to be shown that it can be extended to the benefit of the sailors of some of the States, and not to those of every State." . . . He deprecated giving "a pretext for their successors to abuse the powers which they now wish to exert for the public good. I know they will quote the opinion of as wise and virtuous a citizen as is in the United States. I know his patriotism, and know well his true Republican principles; but, sir, with the freedom of a fellow-citizen, I take the liberty of saying that his honest zeal, like that of the friends of the bill, has led him into a mistake.<sup>1</sup> That able statesman and virtuous citizen, like the eloquent advocates of the bill, has considered the acts now quoted as a full sanction for the one before the Committee. But I am of opinion that those acts had better be repealed than give a sanction to the enacting of a law which goes to the establishment of *bounties or drawbacks*, or by whatever other name they are called, which may be used to the partial encouragement of any branch of trade or employment whatsoever." . . .

The question on striking out the first section was negatived — 32 to 26.

*Amendment and Passage of the Bill.* On a motion to strike out the words "bounty now allowed," and insert *allowance now made* — Mr. Giles observed, "that he conceived the vote of yesterday was a decision in favor of the *policy* of granting Governmental aid to the fisheries; the inquiry to-day will be on what terms this aid shall be granted? . . . When he

<sup>1</sup> Mr. Jefferson, Secretary of State, *Report on the Fisheries*.

first mentioned his doubts respecting the principle of the bill, it was with diffidence, and those doubts in some measure arose from an idea that the bill contained a direct bounty upon occupation; upon a more minute examination, he thought the term 'bounty' unnecessarily introduced into the bill, and that the object of it could be answered without the use of terms which might hereafter be deemed to contain a decision upon the *general* principle of the *Constitutional right* to grant bounties; it was to avoid anything which might wear *the appearance* of such a decision, that induced him to make the present motion." . . .

He would remark further, that "bounties in all countries, and at all times, have been the effect of *favoritism* — in fact, they are nothing more than Governmental *thefts* committed upon the rights of one part of the community, and an unmerited Governmental *munificence* to the other. In this country, and under this Government, they present an aspect *peculiarly dreadful and deformed*."

The bill was accordingly amended. Next day the bill and amendments were passed — yeas 38, nays 21 — Mr. Madison voting aye, as the act had been made acceptable in a Constitutional point of view — *no bounty in it*.

*Continuance of the Fishery Act.* April 12, 1800, an Act was approved continuing in force the Act of 1792 for *ten* years. Section 2 provided, "that the said *allowances* shall not be understood to be continued for a longer time than the *correspondent duties*, respectively, for which the said additional allowances were granted, shall be payable." By several acts after 1792, the salt duty had been raised, and the "allowance" increased proportionably. In supporting the bill of 1800, Mr. Sewell said, "this law was meant to operate as a bounty," though he "did not think the amount paid was equal to the duty on the salt." Mr. Mason opposed the bill, saying that exported beef, pork, and other salt provisions were entitled to same consideration. Mr. Smith informed the House that, "at the first passage of this bill, it was considered as a *drawback* on the salt used, and in that view, the same benefit *was extended to all other salted articles of export*."

Mr. Jefferson's lively interest in the success of the fisheries

was well known. He caused Congress to appoint a special Committee, soon after becoming President, to investigate the subject. Mr. Huger, of Va., reported November, 1803, citing the different acts that had been passed, and closing with a recommendation on three points: No duty of tonnage to be charged to whalers and fishers; no hospital charges to fishermen; the owners of fishing vessels wrecked or lost to receive the "allowance" as if voyages had been successful.

The main point of the report, however, was the fact that the Government had never done anything for the fishing interest, but to pay, *or commute* drawbacks of the duties previously paid on the salt used in curing the fish exported. Considering, however, that England and France paid actual and direct bounties to fishermen, it is not to be wondered at that our citizens fell into a habit of miscalling the salt drawback or allowance a "bounty." This misuse of terms has led to a common error that our Government may put any interest under bounty. Even Congress made this mistake a few years ago in passing an act to pay a bounty on sugar production — a plain disregard of the Constitution. The several States may pay bounties, and they do in different cases. But this power they may exercise, because they did not give it up to the National Government.

## CHAPTER XXIV.

### THE SIZE AND COST OF A MARINE UNDER SUBSIDY.

*A Scheme without an Estimate.* When it occurred to certain shipping people to induce the administration to disregard the platform and utterances of the Presidential candidate of 1896, and to substitute *subsidy* for "discriminating duties," they progressed well until the principle of their bill was challenged, and the pertinent questions propounded — is it a *specific*? How much will it *cost*? No reliable estimates were produced, but they claimed that we should subsidize, because other nations did. Compelled to consider that appropriation means *taxation*; that the objects calling for money are many and insistent; that limitations must rule governmental expenditures; that only a moderate sum could be afforded annually, as an "aid" to shipping, the friends of subsidy consented to the limitation of expenditure, neglecting the fact that limiting the money must limit the tonnage.

*Calculation of Cost.* When it was shown that, for the year 1900, "compensation" to the entire fleet in our foreign trade, if, being *American*, it were qualified for "aid," would be \$40,000,000, Senators were astounded. The Commerce Committee drew a line at \$9,000,000 for the total of payments in any year. If larger amounts were earned, the \$9,000,000 must be "prorated." This, it was thought, would obviate objections on the ground of high cost, prodigal waste, and impracticability of subsidy for an *adequate* marine. They thought to get the marine and to save their money, too. This was well devised, especially as nothing need be stated as to the *size* of the marine which they would thus obtain. For, if their premises were *true*, and the "compensation" demanded rested on *fact*, was essential, and must be realized, *prorating* \$9,000,000 could not

## THE HANNA-PAYNE BILL ILLUSTRATED.

(15) Approximate Estimate of Annual Cost of "Compensation" to Tonnage in Foreign Trade, under the Terms set forth, with increasing Volume allowed for in Commerce and in Carrying.

Year.	8	12½	20	30	40	50	60	70	80	90	Entire Fleet.
1900	\$3,222,268	\$5,034,794	\$6,065,670	\$12,088,505	\$16,111,340	\$20,130,175	\$24,157,010	\$28,184,845	\$32,222,680	\$36,260,515	\$40,298,351
1901	3,423,639	5,246,168	6,569,149	12,838,724	17,118,938	21,397,573	25,677,148	29,956,723	34,236,297	38,515,872	42,795,447
1902	3,625,011	5,694,412	7,062,628	13,563,942	18,125,957	22,615,576	27,157,838	31,700,099	36,242,360	40,784,621	45,326,882
1903	3,826,382	6,140,656	7,659,843	14,289,160	19,132,915	23,615,599	28,682,923	33,765,154	38,847,377	43,930,600	48,972,823
1904	4,027,754	6,586,900	8,235,061	15,014,378	20,139,174	24,713,927	29,798,751	34,883,574	40,000,000	45,115,141	50,230,365
1905	4,229,126	6,933,144	8,681,286	15,869,599	21,146,130	25,743,950	30,823,574	35,908,397	41,024,994	46,140,164	51,272,389
1906	4,430,498	7,379,388	9,127,530	16,614,818	22,153,049	26,691,368	31,718,198	36,803,621	42,024,994	47,110,110	52,300,727
1907	4,631,870	7,825,632	9,569,774	17,370,036	23,160,049	27,691,063	32,722,338	37,707,846	43,024,994	48,110,110	53,300,727
1908	4,833,242	8,271,876	10,012,018	18,125,955	24,167,007	28,698,750	33,726,511	38,724,994	44,024,994	49,110,110	54,300,727
1909	5,034,614	8,718,120	10,458,262	18,880,474	25,173,966	29,698,750	34,730,511	39,724,994	45,024,994	50,110,110	55,300,727
1910	5,235,986	9,164,364	10,904,506	19,635,993	26,179,984	30,698,750	35,730,511	40,724,994	46,024,994	51,110,110	56,300,727
1911	5,437,358	9,610,608	11,350,750	20,390,912	27,187,992	31,698,750	36,730,511	41,724,994	47,024,994	52,110,110	57,300,727
1912	5,638,730	10,056,852	11,796,994	21,146,130	28,195,994	32,698,750	37,730,511	42,724,994	48,024,994	53,110,110	58,300,727
1913	5,840,102	10,503,096	12,243,238	21,901,349	29,200,994	33,698,750	38,730,511	43,724,994	49,024,994	54,110,110	59,300,727
1914	6,041,474	10,949,340	12,689,482	22,656,568	30,205,994	34,698,750	39,730,511	44,724,994	50,024,994	55,110,110	60,300,727
1915	6,242,846	11,395,584	13,135,726	23,411,787	31,210,994	35,698,750	40,730,511	45,724,994	51,024,994	56,110,110	61,300,727
1916	6,444,218	11,841,828	13,581,970	24,167,006	32,215,994	36,698,750	41,730,511	46,724,994	52,024,994	57,110,110	62,300,727
1917	6,645,590	12,288,072	14,028,214	24,922,224	33,220,994	37,698,750	42,730,511	47,724,994	53,024,994	58,110,110	63,300,727
1918	6,846,962	12,734,316	14,474,458	25,677,442	34,225,994	38,698,750	43,730,511	48,724,994	54,024,994	59,110,110	64,300,727
1919	7,048,334	13,180,560	14,920,702	26,432,660	35,230,994	39,698,750	44,730,511	49,724,994	55,024,994	60,110,110	65,300,727
1920	7,249,706	13,626,804	15,366,946	27,187,881	36,235,994	40,698,750	45,730,511	50,724,994	56,024,994	61,110,110	66,300,727
1921	7,451,078	14,073,048	15,813,190	27,942,800	37,240,994	41,698,750	46,730,511	51,724,994	57,024,994	62,110,110	67,300,727
1922	7,652,450	14,519,292	16,259,434	28,697,719	38,245,994	42,698,750	47,730,511	52,724,994	58,024,994	63,110,110	68,300,727
1923	7,853,822	14,965,536	16,705,678	29,452,638	39,250,994	43,698,750	48,730,511	53,724,994	59,024,994	64,110,110	69,300,727
1924	8,055,194	15,411,780	17,151,922	30,207,557	40,255,994	44,698,750	49,730,511	54,724,994	60,024,994	65,110,110	70,300,727
1925	8,256,566	15,858,024	17,598,166	30,962,476	41,260,994	45,698,750	50,730,511	55,724,994	61,024,994	66,110,110	71,300,727
1926	8,457,938	16,304,268	18,044,410	31,717,395	42,265,994	46,698,750	51,730,511	56,724,994	62,024,994	67,110,110	72,300,727
1927	8,659,310	16,750,512	18,490,654	32,472,314	43,270,994	47,698,750	52,730,511	57,724,994	63,024,994	68,110,110	73,300,727
1928	8,860,682	17,196,756	18,936,898	33,227,233	44,275,994	48,698,750	53,730,511	58,724,994	64,024,994	69,110,110	74,300,727
1929	9,062,054	17,643,000	19,383,142	34,032,152	45,280,994	49,698,750	54,730,511	59,724,994	65,024,994	70,110,110	75,300,727
1930	9,263,426	18,089,244	19,829,386	34,787,071	46,285,994	50,698,750	55,730,511	60,724,994	66,024,994	71,110,110	76,300,727
1931	9,464,798	18,535,488	20,275,630	35,541,990	47,290,994	51,698,750	56,730,511	61,724,994	67,024,994	72,110,110	77,300,727
1932	9,666,170	18,981,732	20,721,874	36,296,909	48,295,994	52,698,750	57,730,511	62,724,994	68,024,994	73,110,110	78,300,727
1933	9,867,542	19,427,976	21,168,118	37,051,828	49,300,994	53,698,750	58,730,511	63,724,994	69,024,994	74,110,110	79,300,727
1934	10,068,914	19,874,220	21,614,362	37,806,747	50,305,994	54,698,750	59,730,511	64,724,994	70,024,994	75,110,110	80,300,727
1935	10,270,286	20,320,464	22,060,606	38,561,666	51,310,994	55,698,750	60,730,511	65,724,994	71,024,994	76,110,110	81,300,727
1936	10,471,658	20,766,708	22,506,850	39,316,585	52,315,994	56,698,750	61,730,511	66,724,994	72,024,994	77,110,110	82,300,727
1937	10,673,030	21,212,952	22,953,094	40,071,504	53,320,994	57,698,750	62,730,511	67,724,994	73,024,994	78,110,110	83,300,727
1938	10,874,402	21,659,196	23,399,338	40,826,423	54,325,994	58,698,750	63,730,511	68,724,994	74,024,994	79,110,110	84,300,727
1939	11,075,774	22,105,440	23,845,582	41,581,342	55,330,994	59,698,750	64,730,511	69,724,994	75,024,994	80,110,110	85,300,727
1940	11,277,146	22,551,684	24,291,826	42,336,261	56,335,994	60,698,750	65,730,511	70,724,994	76,024,994	81,110,110	86,300,727
1941	11,478,518	23,000,000	24,738,070	43,091,180	57,340,994	61,698,750	66,730,511	71,724,994	77,024,994	82,110,110	87,300,727
1942	11,679,890	23,446,244	25,184,314	43,846,100	58,345,994	62,698,750	67,730,511	72,724,994	78,024,994	83,110,110	88,300,727
1943	11,881,262	23,892,488	25,630,558	44,601,019	59,350,994	63,698,750	68,730,511	73,724,994	79,024,994	84,110,110	89,300,727
1944	12,082,634	24,338,732	26,076,802	45,355,938	60,355,994	64,698,750	69,730,511	74,724,994	80,024,994	85,110,110	90,300,727
1945	12,284,006	24,784,976	26,523,046	46,110,857	61,360,994	65,698,750	70,730,511	75,724,994	81,024,994	86,110,110	91,300,727
1946	12,485,378	25,231,220	26,969,290	46,865,776	62,365,994	66,698,750	71,730,511	76,724,994	82,024,994	87,110,110	92,300,727
1947	12,686,750	25,677,464	27,415,534	47,620,695	63,370,994	67,698,750	72,730,511	77,724,994	83,024,994	88,110,110	93,300,727
1948	12,888,122	26,123,708	27,861,778	48,375,614	64,375,994	68,698,750	73,730,511	78,724,994	84,024,994	89,110,110	94,300,727
1949	13,089,494	26,569,952	28,308,022	49,130,533	65,380,994	69,698,750	74,730,511	79,724,994	85,024,994	90,110,110	95,300,727
1950	13,290,866	27,016,196	28,754,266	49,885,452	66,385,994	70,698,750	75,730,511	80,724,994	86,024,994	91,110,110	96,300,727



but afford utterly inadequate "aid" to the creation of an adequate marine, betraying that this was not the real object of the measure. Not much shipping power could develop out of a subsidy system that failed to subsidize to the extent actually requisite.

The foregoing table shows that the subsidy, at full rates, would have amounted to \$29,957,022 for 1901, in case 70 per cent. of the marine in our trade were American. The \$9,000,000 a year, prorated, would afford but 30 per cent. of this sum. Manifestly, the full rates were excessive, or the prorating meagre and trifling.

*Basis of the "Hanna-Payne" Bill.* It is contended that American ships cost more to build and to sail than foreign vessels; and that foreign nations have thrown around their shipping such protections as make it impossible to build and run American ships in *open* competition. It is further alleged that these difficulties and disabilities are such, that "compensation" in money from the Government would remove or surmount them all with ease. Were this plea good, every industry in our country might claim the same consideration. Proceeding on the theory of its goodness, the "Hanna-Payne" bill provided that the "compensation" should be payable as follows: (1) upon gross tonnage; (2) for mileage sailed both outward and homeward bound; (3) to all vessels "engaged in trade" between our own and foreign countries; (4) according to speed, the rate per ton to certain vessels, with ability to speed above 14 knots, was increased proportionably, depending on a trial test at sea to establish a *record*. There was nothing to be deducted or withheld for voyages in ballast, or with partial cargoes. The total tonnage upon which "compensation" was payable was, in fact, that of *entrances and clearances* added together. It was claimed that the terms were "*as low as feasible, if success might be hoped for.*" Practically, all American foreign trade shipping would have come under the operation of the law.

*Rate of Compensation and its Annual Amount.* Sailing vessels, and steamers of less trial speed than 14 knots, were to be compensated at the lowest rate, namely, "one and one half

cents per gross ton for each one hundred miles for the first one thousand five hundred miles sailed both outward and homeward bound, and one cent per gross ton for each one hundred miles over one thousand five hundred miles sailed both outward and homeward bound." Additional rates were payable to steamers of certain sizes faster than 14 knots. The table (15) assumes that the average vessel would command the rate due to a speed of 14 to 15 knots. It also assumes that the average voyage in our foreign trade is about 3756 miles. For the average ship sailing this distance, the "compensation" would amount to 82.62 cents per ton. From the foreign-trade vessel movement of 1898, seaports only, it was computed that in 1900 the inward and outward movements would be 48,751,333 tons, which proved to be a close approximation. The table was based on these estimates, and on the fact that the average increase of our commerce and carrying trade is not less than  $6\frac{1}{4}$  per cent. annually.

If the entire marine in our foreign trade were American, the cost of "compensation" for 1900, calculating 48,751,333 tons at 82.62 cents per ton, would be \$40,278,351. If the American share of vessel movement should be 8 per cent., the government expenditure would be \$3,222,268. This is a trifling sum to begin with, but the table shows where the figures would end. Starting at 8 per cent. American tonnage, it might have been  $12\frac{1}{2}$  per cent. in 1901; 20 per cent. in 1902; 30 per cent. in 1903; and so on, attaining to 80 per cent. in 1908. If this gain eventuated, then the sum expended to that time would have amounted to \$200,689,344; if 80 per cent. of vessel movement continued to be American until 1929, inclusive, the expenditure for the period 1900-1929 would have amounted to \$1,680,918,485; and for the century, at the same rate, the sum would reach *thirteen and a quarter billions*. If a maximum of 50 per cent. should be reached in 1905 and be maintained, the total expenditure for the period 1900-1929 would amount to \$1,090,608,719, and for the century to more than *eight and a quarter billions*. A maximum of only 20 per cent. reached in 1904 and maintained would make the cost for the period 1900-1929, \$449,241,776, and for the century nearly *three and a third billions*.

*A Temporizing Policy Hurtful.* The term of the bill was fixed at *twenty years*, no contracts to be made by the Treasury Department after *ten years*. After the term of a ship under compensation expired, she must then complete her lifetime without "aid." Needless to say, if, by the premises, she must have "aid" one year, she must have it *another*. The act and the policy must be renewed from time to time, or the vessels of our marine would again become handicapped, the carrying trade decline, and our shipping disappear. If this be not the case, then the cost of vessels and the expense of running them will have been equalized the world over. Will this ever happen? It is said, "We need to aid our steamers for a *time* until they can be established on a firm and enduring basis." May it not be a mistake to fix this "time" at ten, twenty, fifty, or a hundred years hence? We are not without experience in maintaining a marine without the protection which developed it; or in the difficulty of continuing subsidized steamer lines after the subsidies which supported them have been taken away. France and Italy have found themselves obliged to continue their bounty systems, and nothing in the history of shipping holds out a hope that *removed* protection of any kind will serve to maintain what protection may have built up. In every instance where ship protection has been removed permanently, there have followed *failure* and *ruin*. Our navigation has died out for want of essential conditions of life and growth. If government money shall hereafter supply these conditions, life and growth can be assured *for the time only* that such conditions last. This is the order of nature and the teaching of all experience.

The provisions for discontinuing treasury support — limiting contracts to ten years and "compensation" to twenty — arising from economic misgivings, from the need of easing the bill for passage, or from a mistaken notion that a course of subsidy will fit shipping for success without it — stamped the "Hanna-Payne" bill as inexpedient and illusive. By its very provisions it was acknowledged that the *cost* is the limit of improvement and of restoration. A farmer cannot increase his crop and save his manure at the same time. This bill was finally rejected. A "Frye" bill, so-called, took its place.

*Chief Feature of the "Frye" Bill.* In many points, the "Frye" bill (1) was like its predecessor, the chief feature being the limitation of expenditure to \$9,000,000 annually; and that claims aggregating more were to be "*prorated*." Clearly, such a restriction must be regarded, not as a stimulant to the growth of the marine, but as a preventive against Treasury bankruptcy. We could afford, perhaps, to pay out \$9,000,000 a year forever, whether it did any good or not; but a restriction on our own recuperating powers of trade is ridiculous. Cutting the compensation down, and paring the provisions otherwise, however, failed to fit the "Frye" bill for passage. Congress adjourned, and it was lost. Senator Frye abandoned it, and December 9, 1901, he introduced a second and different "Frye" bill, which has passed the Senate, with material amendments. This latest measure is on the subsidy plan with the *nine million* limitation omitted. (It was agreed to in Committee of the Whole, but disagreed to in the Senate.)

*Provisions of the Second or Pending Frye Bill.* This bill is in four parts: "Title I. Ocean Mail Steamships; Title II. General Subsidy; Title III. Deep-sea Fisheries; Title IV. General Provisions." The first part authorizes ocean mail subsidy and professes to amend the act of 1891. The Postmaster-General is directed to make contracts for carrying the mails until July 1, 1910, for terms of five to fifteen years between the United States and such foreign ports as will best serve commercial interests. All contracts to be made with the lowest responsible bidder and to expire in 1920. The ships carrying the mails are to be classified according to tonnage and speed and paid from 1.5 cents to 2.7 cents per gross ton for each 100 miles on the outward trip, and are to be suitable for conversion and use as cruisers in case of war. A small proportion of their crews are to be American, but they may carry Asiatics. As our citizens will not work, mess, and sleep with such people, the law is likely to be constantly violated, especially in Pacific trade. The ships are also to carry one apprentice to seamanship or engineering for each thousand tons register. The expenditure is limited to \$5,000,000 annually, until July 1, 1907, and afterward to \$8,000,000. Congress may amend or repeal the bill without impairing contracts under it.

*II. The General Subsidy.* Vessels under this title are employed in the Philippine Islands or foreign carrying trade, though they must carry mails free if required. They are not restricted to *class*, or limited to *time* for the receipt of subsidy, but must be of over 1000 tons gross, and of not less than 8-knot speed under steam. All vessels as above, built during the first five years from the passage of the bill, are to be paid  $1\frac{1}{4}$  cents per gross ton for each 100 miles sailed outward and homeward for the term of five years and afterward 1 cent per ton. Vessels now existing as above to be paid 1 cent per gross ton for each 100 miles sailed. The voyage must be over 150 miles from port, the crew at least one fourth Americans, and carry one apprentice for each 1000 tons. An amendment that a vessel carry a cargo of 50 per cent. of her capacity was defeated.<sup>1</sup> All vessels under this title, having received subsidy, shall not be sold foreign, without consent of the Secretary of the Treasury. Foreign-built vessels are not eligible for subsidy, nor American vessels while used in the domestic trade.

*III. The Fishing Subsidy.* Vessels engaged in deep-sea fishing, for not less than three months of the year, are to be paid \$2 per gross ton per annum, and to each American citizen of the crew \$1 per month while so employed. One third of each crew must be citizens.

*Partiality of the First Frye Bill.* The first "Frye" bill, like the Hanna-Payne, provided for "Free Ships" to the extent that American capital was said to have been invested in shipping under foreign flags; which would have been less objectionable, if certain bona fide American vessels had not been set aside to make room for foreign-built and partly alien-owned craft. These proper American vessels were those in certain short voyages, and others not A 1 by underwriter's inspection. By this provision, these vessels were virtually condemned for employment in the foreign trade, where, in spite of the Government's neglect, they had managed to exist. By fair estimation, only about 40 per cent. of our small present marine would have had recognition at the treasury, and about 60 per cent. of it would have been disowned for "*compensation*." The marine

<sup>1</sup> The recently passed French law requires this.

to start with under the bill (1) might have been estimated as follows:—

Of American steam, tons . . . . .	221,177
Of American sail, tons . . . . .	150,000
Of foreign steam, tons . . . . .	300,000
Tonnage of compensated marine . . . . .	671,177
Tonnage of rejected marine . . . . .	500,000

*Size of Marine that might have been realized.* Under the "Hanna-Payne" bill, waiving its constitutionality, the only questions were the sufficiency of the "compensation" per ton per mile, and the practical power of subsidy to upbuild and support an *American marine*. Under the Frye bill (1) with the prorating provision, the problem was the degree of *insufficiency* of compensation and the *lack of power* as prorating increased. For, in proportion as the subsidy fell off, active employment, or rates of freight, must increase, or else failure and ruin would follow. The *size* of a marine for *full* compensation would have been only 671,177 tons. A marine of this size is but a pigmy to the giant needed. The demands of our commerce, increasing from 6 to 10 per cent. annually, are now not less than 4,200,000 of net, or 6,000,000 of gross tons. Four to five millions of all the shipping required should be American. Ten, fifteen, or twenty per cent. of a marine will not satisfy the country.

*A Paradoxical Argument.* It was claimed, however, that prorating the "nine millions" would add to the *size* of the marine beyond the tonnage which this sum would pay in full. How could this be possible to any extent, if the premises were true, that "we cannot increase our marine without the compensation fixed as the basis of aid?" It was stoutly asserted that the *full rate* of pay provided in the bill was *absolutely necessary* to even up conditions for fair competition with foreign vessels. If the rate be correct, how could it have been held out that limiting the "compensation" would work otherwise than to subvert the whole scheme? When the marine had grown to exceed the tonnage of 671,177 tons, or thereabouts, prorating would begin, and the rate per ton decrease, as follows:—

## SIZE AND COST OF A MARINE UNDER SUBSIDY. 397

### (16) PROPORTIONATE DIVISION OF NINE MILLION DOLLARS.

Size of Marine. Tons.	Average Compensation. Per Ton.	Size of Marine. Tons.	Average Compensation. Per Ton.
671,177	\$13.41	2,000,000	\$4.00
800,000	11.25	3,000,000	3.00
900,000	10.12	4,000,000	2.25
1,000,000	9.00	5,000,000	1.80
1,500,000	6.00	6,000,000	1.50

*Practical Effect of Prorating.* But there is another view. The conditions presupposed in calculating the foregoing table would not have stood beyond the first year, because foreign-built steamers would not have been admitted after that time, and *all the increase of steam or sail* would have been American-built. In consequence, *the average rate* of "compensation" to the fleet would have increased from year to year. After ten years' time few foreign vessels would have remained, and the average rate of compensation might have been \$18 to \$20 instead of \$13.41 per ton — in which case the *nine millions* would fully "compensate" but 450,000 to 500,000 tons of marine. By the end of ten years' time our commerce might call for 10,000,000 tons gross of shipping; at least 7,000,000 of these should be our own. In such case the "compensation" would be only \$1.28 per ton, *or six or seven per cent. of full pay*. It is sufficient to add that no one believed in proration by the time the bill was dropped by its sponsors. The following table will show the cost annually, for different sizes of marines, were subsidy expenditure *unlimited*, the average rate per ton being *ten dollars* — far below the mark of any subsidy proposition yet made. The merits of the pending Frye bill (2) may be tested by these figures, which are sufficient to condemn the measure *on the ground of cost alone*.

### (17) COST OF MARINES OF DIFFERENT SIZES.

Size of Marine. Tons.	Annual Expenditure.	Size of Marine. Tons.	Annual Expenditure.
500,000	\$5,000,000	6,000,000	60,000,000
1,000,000	10,000,000	7,000,000	70,000,000
2,000,000	20,000,000	8,000,000	80,000,000
3,000,000	30,000,000 <sup>1</sup>	9,000,000	90,000,000
4,000,000	40,000,000	10,000,000	100,000,000
5,000,000	50,000,000	11,000,000	110,000,000

<sup>1</sup> This is near the French limit of \$28,950,000.

It may be seen at a glance that the ground of Treasury "aid," as a basis of a shipping policy, is singularly inexpedient for the United States. The little countries of Europe may find a subsidy system sufficient for their needs, but our commerce is too large in volume, and its need for carriage too great for a subsidy system. The only business-like principle is the *regulation* of our foreign commerce, so as to secure *preference for employment* for American vessels. Foreign competition must be diminished. It is on this principle that our manufactures have been developed. Besides being unconstitutional, the subsidy principle is un-American from every point of view. Nowhere has it ever gained the approbation of our people.

*Sophistries of Subsidy.* Let us consider the utter worthlessness of the subsidy plea. First, that American vessels cost more to build than foreign, especially British. Second, that they cost more to man and victual. Third, that they have to compete with foreign vessels, not only under these conditions, but also to meet the subsidies and bounties of the different nations. Asked why not call upon the government for protection to meet protection? the subsidy advocate replies, "It is not necessary; we only want a little Treasury 'aid;' that would be 'the line of least resistance' — no nation could be offended if the government collected taxes and paid bounty or 'compensation.' If any nation objected, it would probably be Great Britain; but rather than have any hard feelings with her, our government might better pay any amount of subsidy, or give up all desire for shipping power. After all, there is nothing so grand on the ocean as the British flag!"

*Cost of Ships.* As for our vessels costing more to build than foreign, those of metal are meant. These are, or may be, *better built, more durable, and worth more*. Our wooden vessels are cheaper than foreign metal. The matter of *quality* and *cost* of vessels, metal and wood, home and foreign-built, is thoroughly examined in the author's work, "American Marine." Suffice it to say here that the difference in cost, in general, between American and foreign-built ships is fully offset by better materials and workmanship, and longer *service* time. With the speculative economist one ship is the equal of another, a ton of



one ship must cost no more than a ton of another ship, or the one will be unprofitable compared with the other. These notions betray unacquaintance with *facts*. They are unscientific. It is a maxim of the constructive arts that costly materials and highly paid labor must be the more perfectly wrought. The *service period* will thus be extended. Costly ships may always be built to outlast the cheaper. Here is a practical view: An American metal ship costs twenty per cent., let us suppose, more than a foreign ship. The latter will pay for herself in 5 years; the former will require 6 years. The latter may have a profit-earning period of 15 years; the former only needs such period for 16 years to be as *cheap* as the latter, but, if properly built, she may have 20 years for earning profit after clearing her cost, and therefore be worth *one third more price* than the foreign-built craft. If this latter cost \$100,000, and the American ship cost \$120,000, then each profit year after paid for cost, for the foreign-built, \$6666; and for the American built, but \$6000.

Of our wooden sailing vessels, which we build for equal or less cost than foreign metal, of at least equal service time, nothing is said by subsidy advocates. They will enter the foreign trade and draw subsidy while running in it, though for them the *cost* argument does not exist.

New vessels, worth par of cost, and vessels ten years old, worth but two thirds of cost, if of standard class, carry freights at equal rates and would draw equal subsidy. This should show any reasonable man that the cost or value of a ship practically cuts no figure in competition, unless there be insurance discrimination, the economists to the contrary notwithstanding.

*A True Course exemplified.* In Bath, Me., is the oldest and largest sailing ship firm in the foreign carrying trade of the United States, that of Sewall & Co. They have built in their own yard for more than a generation every ship that they have owned. This course has not been taken for amusement, but because, durability considered, a home-built ship is really *cheaper* and better than a foreign-built ship. The Sewalls build for their own use mostly, and metal ships as well as wood. They

have never gone into the foreign market to buy ships, nor have they ever run ships under a foreign flag. Their fleet is large, and their house is rich.

From 1840 to 1870, Wm. H. Webb, of New York, built and owned many ships and steamers — all of wood. At one time he was the largest owner of tonnage in New York. At any time he could have bought his vessels from the shipbuilders of Maine for ten to fifteen per cent. less money than it cost him to build them in his own yard, but those were cheaper and better, excelling, as they did, in durability. We have seen one of his ships carrying an A2 class at 45 years of age. By his course in building and owning, Wm. H. Webb acquired a fortune.

In view of such facts, how is it possible to set up a *moral* claim — legal there is none — that the Government should “compensate” shipowners for the higher cost, *if any*, of American than foreign ships? Practical men know well that *the cheapest ship* is one whose owner has not, or cannot find, employment for her, and the dearest one to buy is she that is well employed and making money fast. It is therefore a question of *employment*, and not of first cost, that it is essential to consider — not the cost of the factory, but a market for the goods.

*Expense of Crews.* As for the greater cost of crews and subsistence, in running American than foreign ships, it may be granted that, *per man*, cause exists for this statement, but Americans are worth more than foreigners, *fewer need be carried*, and this item is often exaggerated. But American seamen have always had, like American shipwrights, higher wages and better food than those of other nations. Better wages were depended on to bring better men to the service. This, in turn, caused superiority at sea of old-time American ships. Greater expense for crews, however, constitutes no valid reason for Government compensation. Such result cannot follow in one trade more than in another, nor, indeed, in any trade.

Higher wages have induced inventions of all sorts to be adopted for labor-saving on American ships; while improvements in model, in construction, in rig and sails, in machinery,

in means for handling ship, in loading and discharging, have been the order of the day. Being superior tools for their work, our ships could well afford, when they had *employment*, to pay the higher wage demanded. Outsailing the ships of other nations, and making shorter voyages with fewer men, we led the world in safe and speedy navigation — until our change of policy lost to our shipping the *preference* for its employment, which was established by our navigation laws. That loss would not be made good, if American seamen could work for nothing and supply their own subsistence.

Next to American seamen, the British have had the higher pay. *Nations paying less have not taken away their trade.* In fine, the nations whose seamen have been half paid and poorly fed, and whose shipping, much of it, is now under *bounty*, are not the nations whose ships throng the ports of the world, or ever did. If it were constitutional for the government to contribute any part of the expense for the crews of our ships, there would be no wisdom in exercising the power.

In short, the economic argument is illusive — sound in appearance only. We hear nothing of it in the protected domestic trade. Nor do we hear it from the advocates of proper ship encouragement — the regulation of our commerce. They demand the *right* of American shipping to employment in American commerce, as the Constitution contemplates. The argument which they insist upon is *justice* to our own people and to our own national interest. What is necessary to consider are the equities of intercourse, not the subtleties of economics. Our rights and interests must be studied and secured, be the conditions of competition what they may.

*General Subsidy Arguments.* In advocating the postal bill, July 3, 1890, Senator Frye illustrated what may be called the *stock* subsidy argument by a comparison between a Spanish steamer and an American. Said he:—

“Now, I will illustrate our position on this ocean conflict by taking one ship of our line between New York and Brazil, the ‘Alliance,’ 2985 gross tons, and a Spanish ship, her exact counterpart:”—

## (18) COMPARATIVE COST OF RUNNING STEAMERS.

Items of Comparison.	American Steamer.	Spanish Steamer.	Difference in favor of Spanish.
Steamship Alliance cost . . . .	\$382,378.00		
Spanish, exactly similar . . . .		\$344,140.00	
Difference in cost in favor . . . .		38,238.00	11.11%
Equal in interest per month . . . .			\$191.19
Cost of crew, wages per month . . . .	2,500.00	1,750.00	750.00
Cost of crew, food per month . . . .	1,152.00	691.20	460.80
Mail service, Brazilian Government : Distance, 11,490 miles ; time two months, \$4750, or per month . . . . .	2,375.00		
Mail service, Spanish Government : Distance, 10,230 miles, at 10.18 pesedas (or \$1.99) per mile, amounting to \$20,307.50 ; difference of mileage compared with Brazilian steamers, 1260 miles, at \$1.99, \$2,507.10; total, 11,490 miles, at \$22,808.60 per month . . . . .		11,404.30	9,029.30
Ship chandlery . . . . .	450.00 <sup>1</sup>	500.00	
Coal about equal . . . . .	—	—	—
Engine-room stores, oil, waste, etc. . . . .	250.00	180.00	70.00
Insurance, 5½ per cent. per month . . . . .	1,673.00	1,505.00	168.00
Wear and tear, 2½ per cent. per month . . . . .	796.62	716.95	79.66
			<hr/> \$10,748.95

Total difference per month in favor of Spanish ship . . . . \$10,698.95

Total difference per *annum* in favor of Spanish ship . . . . 128,387.40

<sup>1</sup> Difference in favor of American, \$50.

Looking casually at this table, one might not perceive its faults. A statement quite fair would not include the "mail service" and its subsidy ; as the comparison set up is one of *ships*, not one of subsidies, though it is made to appear that the American steamer needs an additional subsidy of \$10,748.95 per month to stand on equal footing with the Spanish. Interest upon the cost of hull should be excluded. The table assumes that interest rates in Spain and the United States are equal, but they may not be. A ship is not an investment in the sense that the purchase money is put out at *interest*. A

ship is a machine, a tool, a worker, an earner of money. Net earnings are *profits* on voyages, not interest. One may borrow money with which to buy a ship, and pay interest on the sum invested, and pay principal and interest from net earnings ; but such a transaction is outside of the business of the ship herself. She is a quasi person ; she may make debts and pay them ; her accounts, properly kept, show only her cost and net earnings applied in reimbursement, until a discharge from debt be deserved ; afterwards, while she survives and earns, her net earnings are *profits*. The item of wear and tear — depreciation — should not be admitted to the table. While it is said that the American steamer cost 11.11 per cent. more than the Spanish, it does not follow that she will endure no longer, and be navigated with no greater skill. The presumption is in favor of the American ship. The difference in depreciation may be nothing at all, or may be against the Spaniard. If the Spanish steamer could pay for herself in five years' time, the American would require *five years, six months, and twenty days*. She would have to last less than a year longer than the Spaniard to be fully as cheap. The "Alliance," built by her principal owner, was, doubtless, far superior to any ship that a Spanish house would get built in Britain.

Leaving out the criticised items, the difference in favor of the Spanish ship was only \$1,448.80 per month, and only \$17,385.60 per year. Even this is too high, as there should be no difference in expenditure of engine-room stores. The difference in expense for crews was only \$1,210.80 per month, and per year only \$14,529.60. Under the pending "Frye" bill, the subsidy to the "Alliance," at \$20 per ton, would amount to \$59,700 yearly, or to \$4,975 per month, much less than that of the Spanish ship, Spanish subsidies being very high, but in six years, at present prices, this would refund her cost.

*Seemingly Impressive Statements.* Senator Frye followed up the foregoing table with some deductions not fairly deducible from it, to wit : —

(1) "Ten thousand six hundred and ninety-eight dollars and ninety-five cents per month in favor of *Spanish* ship en-

ables same to carry cargo 33 per cent. less than United States ship of same tonnage."

Correcting the table (18), as should be done, the advantage of the Spanish steamer is 3.7 per cent. instead of 33 per cent. The Senator continues : —

(2) "Nine thousand and ninety-four dollars and twelve cents per month in favor of *French* ship enables same to carry cargo 31 per cent. less than United States ship of same tonnage."

With table corrected, 31 per cent. becomes 3.5 per cent.

(3) "Eight thousand seven hundred and seventy-three dollars and thirteen cents per month in favor of *Italian* ship enables same to carry cargo 29 per cent. less than United States ship of same tonnage."

With corrected table, 29 per cent. becomes 3.28 per cent.

(4) "Eight thousand and twenty-four dollars and twenty cents per month in favor of *German* ship enables same to carry cargo 27 per cent. less than United States ship of same tonnage."

With corrected table, 27 per cent. becomes 3.05 per cent.

(5) "Seven thousand one hundred and thirty-two dollars and sixty-three cents per month in favor of *English* ship enables same to carry cargo 24 per cent. less than United States ship of same tonnage."

With corrected table, 24 per cent. becomes 2.7 per cent.

Senator Frye continued : —

"These figures represent *facts not fancies*, and show that if the American line offers to take cargoes from New York to Rio (Brazil) for \$7.50 per ton, the Spanish ship can offer, for the same cargo in our own ports, to carry at \$5.03, and be on the same basis as the American." . . .

But from his own premises and statements the Senator admits that the English ship is at a disadvantage with the Spanish of  $33 - 24 = 9$  per cent., and that while the latter can bid \$5.03 per ton, the English ship must ask \$5.70; the German ship, \$5.48; the Italian, \$5.33; and the French, \$5.18. Spanish ships do not take this Rio business from British, German, and French ships.

*Difference in Footing no Argument for Subsidy.* In answer to above statements it is a "fact, not fancy," that the world's carrying trade — our own included — is not done by the Spanish ship, or the French, or the Italian, or the German, but mainly by the British, though she *has not the ability*, according to subsidy premises, to do it *cheapest*. Theory is that the cheapest carrier has a cinch upon the freight market; but practice is that *preference* secures employment. In the case of the British ship, insurance power makes the preference; in the case of the American ship, our only recourse for *preference* is to regulations of our commerce.

Our experience in competing with British shipping should be worth more than every argument for subsidy pretending to show that cheapness rules navigation. We have shown that American ships in the California trade, offering from *ten to forty per cent.* below the rates of British ships, have been beaten out of business by them. The cheapest carriers for many years, American ships have found that competition competes no more in the foreign trade; that Political Economy is not applicable to this business.

*Correction of Foreign Trade.* As for subsidizing our ships in trade with countries having no shipping of their own, no statesman would consider it expedient. In the trade between two nations, only these are concerned. The carriage of their commerce belongs to them alone. If we want our share of carriage, we should provide by law to that effect. We say of our domestic trade, that we want it all. Our word is the law. We monopolize our coasting, lake, and river business. A proper regulation of our commerce would certainly give us our proper share of carriage, *without the cost of a cent in subsidy*. If we are so weak at Washington as to give away our sea transportation to foreign flags, subsidized as they may be, should Congress tax our people *to get it back again*? It would seem that certain steamship people, connected with the railroad lines of the country, have resolved to wait no longer for subsidy, but to provide themselves with shipping and set it at work to extend their business seaward.

*Outlook for Increasing our Transportation.* It will be re-

membered that the "Clyde line" — that part of it running to foreign ports — did not accept the subsidy of 1891, preferring to run without the restrictions involved. This line has got on fairly well without the "aid," that other lines welcomed, because it commanded *full employment*. Also the Pacific Mail Steamship Co. resigned its contract under the subsidy act of 1891, preferring to run free, as it could command employment.

The Commissioner of Navigation reports "the building of *ten* trans-Atlantic steamers," which he thinks "rests presumably on anticipated legislation by Congress." Surely, it is not on mere anticipations, now more than thirty years old, that wise transportation men are investing their money. We regard regulations of trade as more likely to come than subsidy, but any business that will furnish *constant* employment — freight both ways — is not in need of relief. The President of the Great Northern Railroad is having built two monsters of ships, not abroad, but at home, for trans-Pacific service. He expects to control their employment, which is better than a subsidy act. The purchase of the "Leyland line" (British) by Mr. Morgan, says the Commissioner of Navigation, "is considered as evidence that American capital is willing to invest in ocean steamships." In the few cases where this capital can control *employment*, there is nothing to discourage it. The recent combinations in several of the industries favor our navigation in respect to the command of ship employment.

*Threadbare Story of Cheap Foreign Ships.* It appears from a published letter of the President of the "Atlantic Transport Line," that this Company is getting ships built both in Britain and the United States, notwithstanding the difference in cost of "similar ships" is stated by him to be from 30 to 50 per cent. The foreign builders, not long since, were purchasers of American ship materials. But what is the meaning of this dear patronage of American yards? Is it not that our builders construct more durable vessels? If it will take two or three years longer for the American ship to reimburse her cost, and she will last for service three to five years longer than one foreign-built, the difference in price *vanishes*.



## CHAPTER XXV.

### THE FRAMERS OF THE CONSTITUTION ON REGULATING OUR COMMERCE.

*Unanimity of Sentiment.* In his letter transmitting the Constitution to the Continental Congress, September 17, 1787, General Washington, who had been President of the Convention, observed : —

“ The friends of our country have long seen and desired that the power of making war, peace, and treaties, that of levying money and *regulating commerce*, and the corresponding executive and judicial authorities should be fully and effectually vested in the general Government of the Union.”

One of the principal objects of the Constitution thus declared to be the regulation of our foreign and domestic trade, in the interest of an American marine, it was natural that in the Convention unanimity of sentiment on this subject should prevail. Some have supposed that the extreme Southern States, having but a scanty shipping, took no interest in provisions for a merchant marine, but left that to the Middle and Eastern States. But there is no warrant for this belief. One of the ablest of the Delegates from that section was Mr. Charles Pinckney, of South Carolina, who offered a plan for a Constitution. In this paper the *second* of the enumerated powers granted to Congress, in article 6, read thus : —

“ To regulate commerce with all nations and among the several States.”

And his plan provided, also, that all laws regulating commerce “ shall require the assent of *two thirds* of the members present in each house.”

In the plan of Constitution, reported to the Convention by a Committee appointed therefor, August 6, 1787, section 2 of arti-

cle 7, being the *second* of the enumerated powers granted to Congress, provided for the regulation of commerce with foreign nations and between the States.

*Pinckney's Two-Thirds Proposition.* The Delegates from South Carolina and Georgia desired for a while the continuance of imports of African labor, and they argued that this was necessary to induce their States to adopt the Constitution. The Convention finding it difficult to agree on the migration proposition, the matter was referred to a committee of eleven. Mr. Gouverneur Morris, of Pennsylvania, "wished the whole subject to be committed, including the clause relating to taxes on exports and to a *navigation act*." Finally, Mr. Pinckney and Mr. Langdon moved to commit section 6, as to a navigation act, by *two thirds* of each House. On this question only Connecticut and New Jersey voted *no*. The Committee, in the order of States, consisted of Messrs. Langdon, of N. H., King, Johnson, Livingston, Clymer, Dickenson, Martin, Madison, Williamson, C. C. Pinckney, and Baldwin, of Ga. Livingston, of N. Y., was chairman. He reported to strike out so much of the 4th section as was referred to the Committee and insert, "The migration or importation of such persons as the several States now existing shall think proper to admit shall not be prohibited by the Legislature prior to the year A. D. 1800, but a tax or duty may be imposed on such migration at a rate not exceeding the average of the duties laid on imports."

"The 5th section to remain as in the Report."

"The 6th to be stricken out."

This last was the two-thirds restriction.

When this Report was taken up, General Pinckney moved to strike out the words, "the year 1800," and insert the words, "the year 1808," as the time limit of slave importation.

Mr. Gorham seconded the motion.

Mr. Madison said: "Twenty years will produce all the mischief that can be apprehended from the liberty to import slaves. So long a term will be more dishonorable to the National character than to say nothing about it in the Constitution." New Jersey, Pennsylvania, Delaware, and Virginia voted *no*, the others, *aye*. Gouverneur Morris was for making the clause to

read, "importation of slaves into North Carolina, South Carolina, and Georgia shall not be prohibited," etc. Mr. Madison thought it wrong to admit in the Constitution the idea that there could be property in men.

When the Report was again taken up, Mr. Pinckney moved to postpone it in favor of the following proposition: "That no act of the Legislature for the purpose of regulating the commerce of the United States with foreign powers, or among the several States, shall be passed without the assent of *two thirds* of the members of each house."

*Reasons for Restriction.* Mr. Pinckney remarked, "that there were *five* distinct commercial interests: 1. The fisheries and West India trade, which belonged to the New England States; 2. The interest of New York, which lay in a free trade; 3. Wheat and flour, the staples of the Middle States (New Jersey and Pennsylvania); 4. Tobacco, the staple of Maryland and Virginia and partly of North Carolina; 5. Rice and indigo, the staples of South Carolina and Georgia. These different interests would be a source of oppressive regulations, if no check to a bare majority should be provided. States pursue their interests with less scruple than individuals. The power of regulating commerce was a pure concession on the part of the Southern States. They did not need the protection of the Northern States at present."

Mr. Martin seconded the motion.

Continuing, Mr. Pinckney said: "It was the true interest of the Southern States to have no regulation of commerce; but considering the loss brought on the commerce of the Eastern States by the Revolution, their liberal conduct towards the views of South Carolina,<sup>1</sup> and the interest the weak Southern States had in being united with the strong Eastern States, he thought it proper that no fetters should be imposed on the power of making commercial regulations; and that his constituents,

<sup>1</sup> The editor of the work quoted from says in a note: "He meant the permission to import slaves. An understanding on the two subjects of navigation and slavery had taken place between those parts of the Union, which explains the vote on the motion (Pinckney's), as well as the language of General Pinckney and others."

though prejudiced against the Eastern States, would be reconciled to this liberality."

*The Opposition developed.* Mr. Clymer, of Pa., remarked: "The diversity of commercial interests of necessity creates difficulties, which ought not to be increased by unnecessary restrictions. The Northern and Middle States will be ruined, if not enabled to defend themselves against foreign regulations."

Mr. Sherman, of Conn., alluding to Pinckney's enumeration of particular interests, as requiring a security against abuse of the power, observed that the diversity was of itself a security, adding that "to require more than a majority to decide a question was always embarrassing, as had been experienced in cases requiring the votes of *nine* States in Congress."

Mr. Pinckney replied that "his enumeration meant the five *minute* interests" — "It still left the two great divisions of Northern and Southern interests."

Mr. Gouverneur Morris opposed the object of the motion as highly injurious. "*Preferences* to American ships will multiply them, till they can carry the Southern produce cheaper than it is now carried. A navy [marine] was essential to security, particularly of the Southern States, and can only be had *by a navigation act* encouraging American bottoms and seamen. In those points of view, then, alone it is the interest of the Southern States that navigation acts should be facilitated. Shipping, he said, was the worst and most precarious kind of property, and stood in need of public patronage."

Mr. Williamson, of N. C., was in favor of "making two thirds instead of a majority requisite, *as more satisfactory to the Southern people*. No useful measure, he believed, had been lost in Congress for want of nine votes. . . . He acknowledged that he did not think the motion requiring two thirds necessary in itself, because if a majority of Northern States should push their regulations too far, the Southern States would build ships for themselves; but he knew the Southern people were apprehensive on this subject, and would be pleased with the precaution."

Mr. Spaight, of Va., was against the motion. "The Southern States could at any time save themselves from oppression by building ships for their own use."

Mr. Butler, of S. C., differed from those who considered the rejection of the motion as no concession on the part of the Southern States. "He considered the interest of these and of the Eastern States to be as different as the interests of Russia and Turkey. Being, notwithstanding, desirous of conciliating the affections of the Eastern States, he should vote against requiring two thirds instead of a majority."

Colonel Mason, of Va., said: "If the Government is to be lasting, it must be founded in the confidence and affections of the people, and must be so constructed as to obtain these. The majority will be governed by their interests. The Southern States are the minority in both Houses. Is it to be expected that they will deliver themselves bound hand and foot to the Eastern States, and enable them to exclaim, in the words of Cromwell on a certain occasion, 'the Lord hath delivered them into our hands'?"

Mr. Wilson, of Pa., took notice of the several objections, and remarked that, "if every peculiar interest was to be secured, *unanimity* ought to be required. The majority would be no more governed by interest than the minority. It was surely better to let the latter be bound hand and foot than the former. Great inconveniences had, he contended, been experienced in Congress from the article of Confederation requiring *nine* votes in certain cases."

*A Statesman's Clear View.* "Mr. Madison went into a pretty full view on the subject. He observed that the disadvantage to the Southern States from a navigation act lay chiefly in a temporary rise of *freight*, attended, however, with an increase of Southern as well as Northern shipping; with the emigration of Northern seamen and merchants to the Southern States; and with a removal of the existing and injurious retaliations among the States on each other. The power of foreign nations to obstruct our retaliatory measures on them by a corrupt influence would also be less if a majority should be made competent than if two thirds of each House should be required to legislative acts in this case. *An abuse of the power would be qualified with all these good effects.* But he thought an abuse was rendered improbable by the provision of two branches; by the

independence of the Senate ; by the negative of the President ; by the interest of Connecticut and New Jersey, which were agricultural, not commercial States ; by the interior interest which was also agricultural in the most commercial States ; by the accession of Western States which would be altogether agricultural. He added that the Southern States would derive an essential advantage in the general security afforded by the increase of our maritime strength. He stated the vulnerable situation of them all, and of Virginia in particular. The increase of the coasting trade, and of seamen, would be favorable to the Southern States, by increasing the consumption of their produce. If the wealth of the Eastern States should in a still greater proportion be augmented, that wealth would contribute the more to the public wants, and be otherwise a national benefit."

Mr. Rutledge, of S. C., was against the motion of his colleague. "It did not follow from a grant of the power to regulate trade, that it would be abused. At the worst, a navigation act could bear hard a little while only on the Southern States. As we are laying the foundation for a great empire, we ought to take a permanent view of the subject, and not look at the present moment only. He reminded the House *of the necessity of securing the West India trade to this country*. That was the great object, and a navigation act was necessary for obtaining it."

*An Extreme Opinion.* "Mr. Randolph, of Va., said that there were features so odious in the Constitution as it now stands, that he doubted whether he should be able to agree to it. A rejection of the motion would complete the deformity of the system. He took notice of the argument in favor of giving the power over trade to a majority, drawn from the opportunity foreign powers would have of obstructing retaliatory measures, if two thirds were made requisite. He did not think there was weight in that consideration—the difference between a majority and two thirds did not afford room for such an opportunity. Foreign influence would also be more likely to be exerted *on the President*, who could require three fourths by his negative. He did not mean, however, to enter into the merits."

*The Common-Sense View.* Mr. Gorham, of Mass., replied: "If the Government is to be so fettered as to be unable to relieve the Eastern States, what motive can they have to join it, and thereby tie their own hands from measures which they could otherwise take for themselves? The Eastern States were not led to strengthen the Union by fear for their own safety. He deprecated the consequences of disunion, but if it should take place, it was the Southern part of the Continent that had the most reason to dread them. He urged the improbability of a combination against the interest of the Southern States, the different situations of the Northern and Middle States being a security against it. It was, moreover, certain that foreign ships would never be altogether excluded, especially those of nations in treaty with us."

*Pinckney's Proposition defeated.* On the question to postpone [the matter under consideration] in order to take up Mr. Pinckney's motion, the vote was 7 to 4 — New Hampshire, Massachusetts, Connecticut, New Jersey, Pennsylvania, Delaware, and South Carolina voted *no*; Maryland, Virginia, North Carolina, and Georgia voted *aye*. The report of the committee for striking out section 6, requiring two thirds of each House to pass a navigation act, was then agreed to, *nem. con.*

Thus, clause 3, of section 8, of article 1, of the Constitution, *specifically intended* to enable Congress to create and maintain an American marine, received, practically, the unanimous assent of the Convention. The only debate was this in reference to the two-thirds' proposition of General Charles Pinckney. Our history shows that the Southern States never had occasion to regret that his proposition failed. That section governed the country through the period of development of our early marine by means of navigation laws. The section of country now governing is responsible for the *continued suspension of power* to make and enforce navigation laws; for the ill consequences thereof; and for attempts to tax the people unnecessarily for the restoration of our flag to the sea. It would seem that the whole country should once more unite on a sound shipping policy.

## CHAPTER XXVI.

### THE TRUE SHIPPING POLICY AND THE PUBLIC VIEW.

*Recent Shipping Movements.* Within a recent period movements have been made in Congress looking to the reinstatement of our early policy. The first of these was in the Senate, June 20, 1894, when Senator Frye, after counsel, offered amendments to certain sections of the Tariff Bill then on its passage. These sections related to the discriminating duties continued till now in respect of vessels and cargoes of countries not in reciprocity with us. Some of their provisions have been statute law since 1789. The sections were as follows : —

#### SECTIONS OF THE WILSON TARIFF.

“Section 14. That a discriminating duty of ten per cent. *ad valorem*,<sup>1</sup> in addition to the duties imposed by law, shall be levied, collected, and paid on all goods, wares, or merchandise which shall be imported in vessels not of the United States ; but this discriminating duty shall not apply to goods, wares, and merchandise which shall be imported in vessels not of the United States, entitled by treaty or any act of Congress, to be entered in the ports of the United States on payment of the same duties as shall then be paid on goods, wares, and merchandise imported in vessels of the United States.

“Sec. 15. That no goods, wares, or merchandise, unless in cases provided for by treaty, shall be imported into the United States from any foreign port or place, except in vessels of the United States or in such foreign vessels as truly and wholly belong to the citizens or subjects of that country of which the goods are the growth, production, or manufacture, or from which such

<sup>1</sup> This change from ten per cent. extra duty to ten per cent. *ad valorem* was made in the war tariff of 1861, and it still stands.



goods, wares, or merchandise can only be, or most usually are, first shipped for transportation. All goods, wares, or merchandise imported contrary to this section, and the vessel wherein the same shall be imported, together with her cargo, tackle, apparel, and furniture, shall be forfeited to the United States; and such goods, wares, or merchandise, ship or vessel, and cargo shall be liable to be seized; prosecuted, and condemned in like manner, and under the same regulations, restrictions, and provisions as have been heretofore established for the recovery, collection, distribution, and remission of forfeitures to the United States by the several revenue laws.

"Sec. 16. That the preceding section shall not apply to vessels or goods, wares, or merchandise imported in vessels of a foreign nation which does not maintain a similar regulation against vessels of the United States."

A quorum having been secured, Senator Frye stated:—

"It is proposed to amend sec. 14 by adding thereto the following: '*Until after January 1, 1896, and notice of this provision shall be given all nations before the 31st day of December next.*'"

"To amend sec. 15 by inserting after the word '*treaty*,' in line 2, the words: '*Hereafter made and ratified.*'"

"To amend sec. 16 by adding thereto the words: '*Until after January 1, 1896, and notice of this provision shall be given all nations before the 31st day of December, 1894.*'"

*Speech of Senator Wm. P. Frye.* "Mr. President, section 14 of the pending bill provides for a discriminating duty of *ten per cent.* on certain goods which are brought in on American bottoms. It has been a provision of the law for a great many years, but is to-day of no earthly account, because we have *given away every advantage we ought to derive from it* by reciprocal legislation and by *treaties.*" . . .

"The pending amendments if agreed to will have this effect: to give notice to all the nations of the earth of a discriminating duty of *ten per cent.* in favor of all goods brought into the country in American vessels; and *that notice will abrogate all treaties* hitherto made which to-day stand in our way; and repeal all reciprocal legislation, and it is for the purpose of

making another attempt to revive our marine on the ocean that I offer these amendments.<sup>1</sup>

"The fathers seemed to understand this question perfectly, and in the first Tariff act, approved July 4, 1789, the following discriminating duties were imposed : . . . (See chapter v.)

"We have relieved our ships from burdens amounting to millions of dollars every year. We have never been able to go the one step further, and do what other nations do, put them on an equality by subsidies or bounties. The Democratic party is committed against bounties and subsidies, but *by no vote anywhere* committed against a discriminating duty. There is no Democratic vote in the whole history of the country where the party is committed against such a duty. Here is section 14, which provides for a discriminating duty, WHICH HAS HAD THE VOTE OF EVERY SENATOR ON THIS FLOOR.

"Mr. President, I believe, *and have always believed*, that the *true* method of revival is through discriminating duties; that *the fathers were right*; but I have always been restrained by these treaties. *Many of our treaties have done us immense harm.* . . . A treaty is no more sacred than a law, and I am in favor of one more trial, and of the Democratic party voting for discriminating duties, they having entered upon the race this very day in section 14, which they knew meant practically nothing."

Senators Lodge, Stewart, and others favored the amendments. Senator John Sherman wanted them referred to the Committee on Foreign Relations, of which he was a member. This was discussed but not agreed to; meanwhile the amendments were declared as not agreed to. Senator Frye called for the yeas and nays, but Senator Hoar, fearing they would fail of passage, suggested to withdraw the call, and this was done.

*Indorsement of Conventions.* While the movement was unsuccessful in the Senate, it turned public thought from the line of "Government aid," and called attention to the proper course. The friends of American shipping accepted the proposition of Senator Frye and entered upon a canvass of the

<sup>1</sup> In this remark the Senator alludes to the "bounty bill" passed in the Senate, 1890, but for lack of three votes failed in the House, 1891.

public sentiment for an immediate return to our early policy of regulating our commerce in the interest of our shipping.

In 1896, the Republican State Conventions, to the number of *fourteen*, beginning with Massachusetts, adopted discriminating duty planks. So did the Democratic Convention of Maine, and the National Republican Convention at St. Louis. Mr. McKinley strongly indorsed the new movement, and led the country to expect that it would be supported by his administration. The vote of the Nation confirmed the movement.

*Discriminating Duty Bills.* Early in 1896, Senator Stephen B. Elkins, of West Virginia, introduced a shipping bill — the first on the lines of the Frye amendments. This was intended to call attention to the subject, and perhaps to prove educational. In the following session he introduced an amended form of the same bill. In the extra session, called in 1897 to revise the Tariff, he again introduced a bill further amended and improved, on which he made a long and enlightening speech — the best heard in the Senate on shipping matters since the time of Rufus King.

The Senate having under consideration the bill (S. 1) to amend section 2502 of the Revised Statutes, the same was read by the clerk : —

#### THE ELKINS SHIPPING BILL.

“Be it enacted, etc., that section 2502 of the Revised Statutes of the United States be, and the same is hereby, amended so as to read as follows : —

“Sec. 2502. A duty of *ten per centum ad valorem*, in addition to the duties now imposed by law, shall be levied, collected, and paid on all goods, wares, and merchandise imported in ships or vessels not of the United States; and in cases where no duties are imposed by law on goods, wares, and merchandise, imported into the United States, there shall be levied, collected, and paid a duty of *ten per centum ad valorem* on all such goods, wares, or merchandise that shall be imported in ships or vessels not of the United States. The additional duty imposed under the provisions of this act shall apply, under regulations prescribed by the Secretary of the Treasury, to all goods, wares, and merchandise not of the growth, production, or manufacture of countries contiguous to or bordering upon the territory of the

United States when imported into the United States by land transportation or land vehicles or conveyances through or from the ports or other places of countries bordering upon the United States, if the same shall have been brought to such ports in ships or vessels not of the United States. The additional duty imposed under the provisions of this act shall also apply to all cases where goods, wares, and merchandise are transhipped or transferred from a foreign vessel, port, or place to a vessel of the United States for the purpose of evading the provisions of this act. And any and all clauses in existing treaties in contravention hereto and all acts of Congress in conflict herewith are hereby abrogated and repealed.

"Sec. 2. That this act shall take effect fifteen months after the date of its passage."

*The United States, the Leading Maritime Nation.* In opening his instructive speech Senator Elkins said : —

"Under a proper policy of encouragement to American shipping, the United States, with its 8000 miles of seacoast, its navigable rivers and lakecoast, fine harbors, variety of climate, productive capacity, rapidly increasing population, its position on the globe, — Asia on one side with 600,000,000 and Europe on the other with 400,000,000 of people, — should be the leading commercial and maritime power of the world.

"This would be the proud position of the United States to-day, had protection to American interests on the sea, given by the founders of the Government in the early legislation of Congress, been continued. Our progress on land in a century is unsurpassed in the history of material development, while our progress in shipping has languished under the policy of *maritime reciprocity* until our flag is unknown on many seas, and with some nations has almost become a myth. No nation has ever been truly great, nor an important factor in the affairs of the world, unless it has also been powerful on the sea." . . .

The Senator then considers "shipping as a resource of defense," the "opposition and difficulties to be overcome" in our case, the extent of "foreign capital focused against American interests," and the fact that "continuous British rivalry is inevitable." Of this, he said : —

*British Opposition.* "The greatest contest will be with England for commercial supremacy. Great Britain will impede

every step in the direction of restoring American shipping. She would not be true to her people, her commercial instincts, traditions, and interests, were she not to make every effort in her power to maintain her supremacy on the seas. What agriculture is to the United States shipping is to England, and England will use her best endeavors, *through statesmanship and diplomacy*,<sup>1</sup> to protect the same. Against this, there can be no reasonable objection on our part." . . .

"We may agree with England on most subjects, but on the subject of shipping and commerce we never can. Lord Robert Cecil, the present prime minister of England, early in 1862, said in Parliament:—

" ' Every one who watches the current of history must know that the *Northern States* of America never can be our true friends, for this simple reason: Not merely because the newspapers write at each other, or that there are prejudices on both sides, but because *we are rivals*; rivals politically, rivals commercially. We aspire to the same position. We both aspire to the government of the seas. We are both manufacturing people, and in every port, as in every court, we are rivals to each other.' "

"This is a true and candid statement of the facts as they exist and will continue to exist." . . .

*The Mistake of Reciprocity.* The "protection to shipping adopted by the first Congress," particulars of the "legislation favoring discriminating duties," the wise "protection to our coastwise trade," and a summary of "results of discriminating duties" in building up the early foreign trade, having been presented, Senator Elkins explained our "yielding to British persuasions" in settling the terms of peace in 1814-15. Of the "final act of 'ruinous reciprocity,'" he remarked:—

"The 'free-freighting act' of 1828, as it is called, was in the interest of foreign shipowners. This act and the subsequent treaties have led to the ruin of our carrying in our foreign trade. While advantage of it was soon taken by a few of the lesser

<sup>1</sup> Some keen observers think they can detect "diplomacy" in the substitution of a *subsidy* bill for one of the effective and constitutional kind advocated by Mr. Elkins.

maritime nations, it was not availed of by the more powerful — notably Great Britain — for many years, in consequence of which our losses of carriage were more gradual and less noticed than they would have been had the discrimination ceased upon its passage. This act is even now in force, and nations are not yet done asking for its benefits. The treaties following it have brought us *not one advantage, but destroyed all* we had under protection by discriminating duties." . . .

*Results of Opposite Policies.* To illustrate the decline caused by the act of 1828, Mr. Elkins offered a "comparative statement" showing the proportion of our commerce carried in our own ships from 1789 to 1896. This table is divided into two periods; first, that of GROWTH — 1789 to 1828; second, that of DECLINE — 1828 to 1896. The first period was one of "protected carrying under discriminating duties;" the second period is one of "unprotected carrying under full reciprocity." (See chapter xviii. for a similar statement.) With regard to these tables, Mr. Elkins observed: —

"Placing these tables side by side, we have the naked facts. No amount of sophistry, no amount of explanation, no amount of specious argument can change these facts and the results of these two policies. All impartial minds must agree, in the face of this showing, that the policy of maritime reciprocity has not only been a failure, but under it American shipping in our foreign trade, throughout the world, has been swept away. The other conclusion forces itself upon the mind, that our shipping, to grow and prosper as an industry, must be protected as it was in the early history of the Government. . . . If protection to industries on land, and to shipping *in our coastwise trade*, has been necessary and maintained for a hundred years, why should it not have been continued as to industry on the high seas?" . . .

*Disadvantages of our Position.* Our shipping legislation since 1830 is glanced at, and the conclusion drawn that "all attempts for fifty years to aid shipping by mail pay and subsidies have been failures, and it still remains for Congress, in the face of these failures, to adopt a protective policy for the upbuilding of the American merchant marine."

The British navigation laws are sketched, also the later policy

of getting the nations to give up ship protection. Then the "intrenched position of Great Britain" is considered, and the conclusion arrived at, that "against this position and immense advantages" enjoyed through a variety of protective agencies, "nothing short of discriminating duties will avail" — to regain our share of trade.

The "character of protection to shipping by European countries" is explained; likewise the objections conjured up against a restoration of trade regulations are confuted. The former comprise in chief bounties and subsidies; the latter are mainly these: —

- (a) Treaties for maritime reciprocity.
- (b) Trade regulations would provoke retaliation.
- (c) These are antiquated, narrow, and illiberal.
- (d) Conditions have changed since their suspension.

. . . "If we had sixty years ago abandoned the policy of protection [to manufactures], and it should be proposed now to restore duties by imposing a tax of 50 per cent. on the value of one half the goods, wares, and merchandise imported, the same or stronger arguments would be made in opposition to such a bill, that are now made against restoring discriminating duties. The measure would be characterized as narrow, illiberal, and antiquated. It would be said, too, that retaliation would follow. But the nations of Europe do not retaliate *now*." . . .

*Reasons for Encouragement.* After explaining his bill Senator Elkins admitted it might be imperfect and need to be supplemented by further legislation. All he contended for was *the principle of discriminating duties*. "The bill is plain, simple, direct, and easily understood. It strikes out boldly to render help to an industry that is languishing and without help must perish. When the makers of the Government desired to encourage and build up shipping, they adopted the policy of this bill. They passed different acts, in aid of shipping, all of them short, direct, and to the point. All the acts on the subject were passed in five years. . . . The Government was then in its infancy, in debt and without credit, with a population of only 3,000,000, the people poor, and without money. We now have 70,000,000 of population and unsurpassed credit. In the face

of all the difficulties that met the makers of the Government, they proceeded without hesitation, without doubt, without fear of opposition or of retaliation, to take care of *all* the interests of the new Government, *on sea as well as on land*. They succeeded beyond their expectations, and the result in the growth of our industries on sea and land was the most remarkable in history. Just the same determination and same purpose is required NOW. *The United States is able to enforce any policy it may adopt.*"

"*Important British Testimony.* The great free-trader, Adam Smith, advocated prohibition and discrimination in favor of British shipping. In his 'Wealth of Nations' he says:—

"'There seems, however, to be two cases in which it will generally be advantageous to lay some burden upon *foreign* for the encouragement of domestic industry. The first is when some particular industry is necessary for the defense of the country. The defense of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavors to give the sailors and shipping of Great Britain *the monopoly of the trade of their own country*, in some cases by absolute prohibition, and in others by heavy burdens upon the shipping of foreign countries.'

"A British historian says of the navigation act of England:—

"'The result of that act far transcended the wildest dream of Lombard and Venetian avarice or the grandest schemes of Spanish and Portuguese conquest. It not only secured to the people who enacted it the greatest share of the world's carrying trade, but the trade also knew its master and followed with becoming servility.'

. . . "The policy of excluding all foreign vessels from our coast, lake, and river commerce has produced wonderful results. It has built up this branch of our shipping and shipbuilding until the carrying power of vessels engaged in this commerce amounts to 9,800,000 tons. . . .

"The policy of discriminating duties, as the proper means of restoring shipping, is constantly gaining in favor with the peo-



ple. It was indorsed in the platforms of fourteen State Conventions held last year, and in the platform of the St. Louis Republican National Convention. . . . This indorsement was followed by the hearty approval of the candidate of that convention in his letter of acceptance. . . . In this position he is sustained by a majority of his countrymen. Reference to party action in support of this bill is made to show that discriminating duties are attracting wide attention, and not that their adoption is or should be a party question. The results that would follow the passage of this bill are so far-reaching that it should be lifted above party feeling. I sincerely hope that it will not be made a party question, but be supported by all parties.

"The foreign shipping interest opposing this bill can afford to buy every steamship line belonging to the United States engaged in our foreign trade rather than see this bill become a law."<sup>1</sup> . . .

*Commercial Treaties with other Countries.* "It is urged in opposition to the passage of this bill that it would be a *violation* of certain commercial treaties entered into with Great Britain and other nations, and that these treaties should not be violated with impunity. When the United States wishes to restore its shipping and become *independent* on sea as on land, a treaty with England, covered with the dust of nearly a century, is brought forth, and we are solemnly told its *sacred* provisions *must not be violated*, and we must remain *bound hand and foot*, powerless to help ourselves, though what is proposed is *right and proper* and would benefit our interests. No treaty should stand in the way of our having *what belongs to us* as a matter of right, and having *our fair share* of the carrying trade of the world. Of course no treaty should be violated as long as it is in force, but this bill expressly proposes in terms to abrogate all treaties or parts of treaties in conflict with its provisions. Among the ways a treaty may be terminated or abrogated, *one is by Act of Congress*. This was in *contem-*

<sup>1</sup> The Senator might have gone further. It is a fact that advocates of discriminating duties can get no patronage, from coal contracts to orders for port supplies of any kind, from "the foreign shipping interest."

*plation of the contracting powers* when those treaties were entered into and ratified.

"The bill under consideration proposes to abrogate only parts of the treaties. But the question arises, How about the other provisions? Will they remain in force or not? Is the abrogation by one of the contracting Powers of a clause, or a part of a treaty without the consent of the other an abrogation of the whole treaty? It is not necessary to discuss this question, because, *if the act abrogates all of these treaties*, it would be *far better for the United States* than continuing the policy of MARITIME RECIPROCITY." . . .

We pass over the list of conventions or so-called "treaties" and the texts of hurtful articles.

*Foreign Unfaithfulness.* "In entering into these treaties the United States abandoned discriminating duties,<sup>1</sup> which was the only general protection American shipping ever enjoyed, and under which it prospered as it never has since. The true intent and meaning of these treaties was that, as between the contracting powers, ocean carrying should be unprotected, free, and reciprocal, and in effect stand upon equal footing. The United States has observed, not only the letter but *the spirit* of these treaties, and has rendered, practically, *no aid* to take the place of the protection enjoyed under discriminating duties. Other nations, especially Great Britain, France, Germany, and Italy, have *not* observed *the spirit* of the treaties, but paid subsidies, subventions, and bounties to ships, and adopted other forms of encouragement to build up and protect their shipping. These treaties are therefore no longer *of moral obligation*, but a detriment to the United States, and serve only foreign powers. They take from us as a nation and a people and give nothing in return. They operate partially. All of them contain *a provision for abrogation*, by giving one year's notice." . . .

*Money paid Foreigners for Freights.* Senator Elkins estimated our annual indebtedness created abroad for freights and fares at \$230,000,000. "In other words, foreign steamship companies (through the aid of our reciprocity treaties) tax our

<sup>1</sup> Some nations have substituted "Treasury aid," but this, if given by us, would violate our Constitution.

people for what they *buy and sell abroad* more than they are taxed under the internal revenue laws, or more than they were taxed under the McKinley tariff.

"By reason of tariff agitation political parties gain and lose control of the Government. At almost every meeting of a new Congress business is thrown into confusion because of possible changes in the tariff, whether duties should be higher or lower in particular cases; but there is no contest and no excitement in Congress about restoring our shipping and paying annually to foreign corporations for carrying our exports and imports more than is involved in the whole tariff. . . .

"In one sense the money paid to foreign shipowners is a loss to our people. It is unlike almost any other expenditure. Substantially, we get nothing in return for it; *nothing that adds to the wealth of the country*. When we buy merchandise from other nations and pay gold for it, we get the property in return, and it constitutes part of the wealth of the nation. But when we pay out two hundred millions annually for ocean freight on goods we buy and sell, when we could keep our gold at home by paying it out to American shipowners, we simply deplete the resources of the country and make the nation poorer. One of the causes of depression in business, when we are said to have "hard times," is due to *the drain of gold* for ocean freights. No nation, however rich, can stand this drain always." . . .

*Folly of Using Rival Shipping.* "It would be unwise and unsafe for a merchant doing a large business to intrust to his rivals and competitors the hauling and delivery of the goods he might buy and sell. . . . The United States only strengthens the hands of its rivals in shipping and commerce by giving them the carrying of what our people buy and sell."

Senator Elkins cites our expensive consular system for the extension of trade rendered almost useless by our want of shipping, and refers to the large expenditures for harbors and light-houses for the benefit, principally, of foreign shipowners and underwriters. "Foreign steamship companies carry nearly all of our foreign commerce, and own or control *most of the valuable water fronts* in our ports. Some of the British steamship lines

pay as much as \$100,000 a year rent for dock privileges in New York." There are no ports in the world where American steam lines can meet foreign on equal footing.

As for irregular remedies, "subsidies" and "free ships" have full consideration. Of the former he said : —

*The Subsidy Cure.* "For more than thirty years there has been constant discussion as to the condition of American shipping, the necessity of restoring it, and suggestions as to the best remedies to this end. Committees of the House and Senate have been appointed to investigate and report, and Congress, in obedience to these reports, has passed some acts to aid shipping, but, notwithstanding all that has been said and done, shipping has constantly declined.

"The plan for restoring shipping by subsidies and mail pay has been strongly advocated. If this form of aid had been adopted when discriminating duties were suspended seventy years ago, or even thirty years ago, and we had kept pace with Great Britain *in all other forms of encouragement*, we might depend upon subsidies and mail pay *now*.

"A member of the British Parliament wrote in 1894 : —

"'As a consequence of refusing \$5,000,000 a year in subsidies during thirty years to native shipowners, or \$150,000,000, the United States had to pay in the same period no less than \$3,000,000,000 for freights, while their mercantile marine dwindled into insignificance.'<sup>1</sup>

"With all the advantages, commercial and maritime, which Great Britain enjoys, we can never by equal or even greater subsidies regain our lost shipping. Great Britain has fifty years the advantage of the United States in the growth and development of shipping power. She is established and firmly intrenched, and in possession of 56 per cent. of the world's carrying trade, with many other advantages that have come with time. Enjoying all these, Great Britain, in any struggle for supremacy, would naturally appropriate two dollars for

<sup>1</sup> Hon. J. Henniker Heaton, in the *North American Review*, intended, no doubt, by this falsely grounded argument to remove from the American mind any lingering notion of resorting to discriminating duties. His artful advice reminds us of a bird protecting her young.

every one the United States might apply. From 1848 to 1891, England spent as subsidy and mail pay \$8 for \$1 the United States spent, and for every \$2.70 we paid American ships for mail service, we paid \$1 to foreign ships. This of itself would defeat us; but if she only appropriated an equal amount, we could not afford to compete with her for the world's commerce, nor could we gather strength *to take from her any part she now carries of our own. . . .* We cannot subsidize shipping on a scale that will be *effective* and commensurate with its needs, because our people *will not consent* to appropriating the public money for this purpose. Our people will not consent to building up private and corporate industries by taking money out of the Treasury; but a policy that will keep money in the country they will unquestionably sustain. . . .

"But why should the United States adopt a plan or policy to aid and build up shipping that involves the expenditure of money, *when one is at hand that has been tried and brought success and will bring it again without the expenditure of a dollar?*"

Economists are apt to think that the regaining of our carrying trade is a problem of economics — that "science" indicates the "free-ship" remedy. This seems to be for the reason that our laws provide against this condition, and not because there is healing in it. Several "free-ship" nations are paying subsidies and bounties. On this topic Senator Elkins said:—

"*Free Ships.*" "The policy of free ships, which is in substance to buy foreign-built ships and by law to admit them to American registry, is seriously urged as the best remedy to revive American shipping. Maritime reciprocity, which we have had for seventy years, is partial free trade in shipping. To adopt the policy of *free ships* would give us absolute free trade in shipping. We would then have a protective policy for industries on land, and for industries on the sea just the opposite. If it be true that shipping goes hand in hand with other industries, and in a certain sense stimulates them, why should we not adopt the same policy or principle as to shipping that we do as to industries on land? Why have one policy or principle for industries on the sea and another for those on land? Eng-

land's greatest industry is shipping, and she protects it by subsidies, and *in many other ways*, and yet in the face of this protection *we* are asked to have free trade in shipping and *no aid or protection*, as the best means to compete with England and revive *our* shipping! . . .

"If we had 100 of the finest steamers afloat, we could not run them in open competition with foreign ships. The conditions are not the same. We are not on equal footing with Great Britain and other shipowning countries in respect to several things. If we attempted to make conditions equal by subsidies and mail pay, the policy adopted and partly depended on by Great Britain, we would be met with greater subsidies. So that it is not a problem of 'free ships' or *cheap ships*, but it is really a question of *getting business for ships* after we have them. We can only do this by protection through discrimination, just as we do now, and have for more than a hundred years discriminated, in favor of our industries on land against foreign industries. . . .

"The mistake made by the United States for seventy years has been in treating shipping as a private industry of *no national concern*; that it did not need encouragement and protection as do industries *on land*; that maritime reciprocity and free carrying were all that was necessary to build it up, or to maintain it. With Great Britain shipping has always been of *national importance*, and has received for scores and hundreds of years more protection and aid than any industry ever enjoyed in any country." . . .

*Free Ships Destructive of Shipbuilding.* "So far as our shipbuilding interest is concerned, the free-ship policy would reduce the United States to dependence and vassalage. If the United States had in the beginning adopted the policy of free trade instead of protection, on the ground that we should buy manufactured products abroad, because we could get them cheaper, our manufacturing interests to-day would be in the deplorable condition our shipping is. But for the protective policy adopted in the early history of our Government, and adhered to since, we would not have built up these flourishing interests. The object of imposing duties on foreign-made pro-

ducts was not wholly for the purpose of getting needed revenue to pay the expenses of the Government, but its greater and wider purpose was to build up the manufacturing interests, so that we might be independent of all the world. The same rule applies to shipbuilding and to shipping interests. Because we can buy ships cheaper from foreign shipbuilders *is not* in a national view a *sufficient reason* for doing so. Were we to pursue this policy, we never would build our own ships, we never would have a merchant marine or a defensive navy. . . .

"If we buy ships abroad, we have the ships, it is true, but, as a nation, we lose the money we pay for them, we lose the business of building the ships, the employment for our people by giving it to foreigners, and lose the market for the raw and manufactured products that enter into shipbuilding, we destroy our shipyards, lose our knowledge of ship architecture and engineering, and become utterly dependent on foreign countries in one of the most important branches of industry. Even if we could buy ships cheaper, in the long run it would pay us to build them at home. If the argument for free ships is good as a plan to build up our merchant marine, why should this plan not apply with equal force to building up the navy? Why have different plans for interests so nearly alike? If it is better to buy ships abroad to build up our merchant marine, it would be better for the same reason to buy our warships abroad and close up all American shipyards. . . .

"If we were to admit foreign-built ships to American registry and to a share in the carrying of *our foreign commerce only*, as some advocate, it is very doubtful whether or not ships, being once admitted to registry, and by this means *nationalized*, could, by law, *be excluded* from taking part in our coastwise, lake, and river trades. When a foreign-built ship is admitted to registry, it becomes naturally entitled to the privileges and rights of vessels built at home, and under the law it is doubtful whether it could be prohibited from taking part in our domestic trade. Under the inherent rights of property, it becomes a question, if a citizen owns a vessel duly registered, whether he can by law be prevented from carrying on his business in the home shipping trade. So that free ships in our *foreign* trade

would be a menace to our home shipping, and tend to break down and destroy our shipbuilding business. The next step would be free ships in our coasting, lake, and river trades, and the hauling down of our flag where it has floated for more than a century over a prosperous industry carried on in American-built vessels." . . .

Our space fails, even for allusion to the many other topics treated in Senator Elkins's speech. Thus it closed:—

*Senator Elkins's Peroration.* "I feel, Mr. President, sooner or later, the patriotic cause of upbuilding American shipping will triumph, and Americans will enjoy and use their common share in the oceans of the world, and have their part in its carrying trade; that the time is not distant when the American flag will be seen on every sea and float from vessels of the United States in all the ports of the earth, and American merchants, underwriters, and bankers will be established and doing remunerative business in all the commercial centres of the world. In laboring to secure for our common country these splendid achievements and great blessings, statesmanship can have no higher aim, patriotism no loftier purpose, and the benedictions of a grateful people will descend on those who may help in this great movement."

*Our Bitter Disappointment.* But the expected did not eventuate. In shame and with sorrow be it said, the Administration was induced to disregard the promise of the campaign, to recede from the constitutional ground of discriminating duties, and to take up position in the swamp of *subsidy*. Senator Elkins's bill was pigeon-holed in the cabinet of the Committee on Commerce, and the "Hanna-Payne" bill was reported instead. Even section 22 of the Dingley tariff act, providing for the collection of discriminating duties in the cases of foreign vessels and cargoes from countries not in maritime reciprocity agreements with us, and for the repeal of all *acts* for maritime reciprocity, was nullified and pronounced of no effect by an obliging Attorney-General. Such are not the ways of a wise Administration.



## CHAPTER XXVII.

### THE POLICY AND MEASURES FOR SHIPPING RESTORATION.

*Equitable International Intercourse.* The time having arrived when the countries whose carrying trade has been captured by rivals should reform the system under which this has been effected, the question arises, in what mode may international intercourse be *equitably* carried on? According to Franklin's illustration of "fair and equitable commerce," an individual of one country would meet an individual of another country *half way* between the two countries, and there exchange their merchandise. That is to say, each nation is entitled to *half of the carriage* involved in commerce.

We have given an account of England's course in respect to her Colonial trade, and the difficulty our Government had in negotiating anything like a tolerable deal. England needed our merchandise, but insisted on a monopoly of its carriage. In a speech on the measures then pending to secure our rights, Henry Clay, Speaker of the House, remarked:—

(1) "The most natural course of the exchange of commodities between nations might be thus defined: that each nation should carry its own products to market; that we should carry of our produce what we do not want, but they do, to British ports; and that they should bring what they do not want, but we do, to our ports.

(2) "The next, and perhaps the most equal and best mode of providing for the free and fair interchange of commodities was to open the trade equally and reciprocally to both parties, to let each carry the commodities of both countries, in a *fair* competition."

(3) There is another mode of exchange for commodities which was offered to all nations, at the suggestion of Norway

and Great Britain, by our Act of May, 1828, in which we invited universal competition in *free carrying* — the shipping of *any* nation to carry to *every* nation the merchandise of *all* nations; in other words, to *ignore entirely national insignia* in the ocean-carrying trade, and to let it be *monopolized*, for that matter, by the active, the cunning, and the strong — by any nation, however unfit for such a function, that could take it captive.

(4) And there is yet another mode, which is quite in vogue by leading nations — to send vessels for articles of commerce, particularly of raw materials and food products, to distant countries, taking thereto such commodities as will find ready sale. In this way considerable of British commerce has been carried on, the shipping of other nations meeting with no success in competing for its carriage.

*Present Modes of Intercourse Unsatisfactory.* The first mode described would be fair, but costly. Modern commerce includes transportation, and a principle of both is profit *both ways*, ballast neither way for shipping.

The *second* mode was that contemplated by our Act of March, 1815, for “reciprocity” with England. It is faulty in this: it provides no way to secure “a fair competition,” but leaves all to *chance*. The superior of any two nations trading in this manner would finally arrive at a monopoly of the business between them. In point of fact, it was this result that the British sought, when they insisted upon its adoption. To the inferior nation this could not prove “an equal and best mode.” To make it so, some regulation would be necessary that would secure equal *footing in fact* as in *law*. Henry Clay, being a Protectionist, should have known that his proposition was a dangerous one for our young Republic.

The *third* mode is the one under which, mainly, our foreign carrying trade has been lost. On our part, it was preposterous to have trusted that our young nation would “beat all creation” in competing for the world’s *general* carrying trade. Great Britain possessed in highest degree all the elements necessary for the victory which she has achieved. When the nations of the world one after another cast off their ship protection, and

undertook to better themselves by unprotected competition with Great Britain, they put it into the power of an unscrupulous rival to build herself up at their expense. How could any statesman expect "a fair competition" would follow such a grand opportunity for foul play and imposition? The competition has been just such as suited the self-interest of England. The result has been the failure of this mode of international intercourse. Several nations have had their rights filched away; almost every nation has returned, or is about returning, to the *protection* of its navigation.

The *fourth* mode of intercourse is highly protective. It excludes general competition in freighting, and disregards altogether the suggestion, if not the implied promise, of maritime reciprocity conventions, that all trades be open to reciprocal participation, and that selfish *national* carrying should cease. Under this mode of commerce, Great Britain shuts out, wherever possible, every nation from meeting her half way in a "fair and equitable commerce." In defiance of her reciprocity conventions, she monopolizes the carrying *both ways*.

*Correction of our Mistaken Course.* Having been the first to suffer, and having suffered most, the world, no doubt, expected long ago the correction of our mistaken course. The doctrine of an "open trade," the illusion of "a fair competition," have had their day. The policy of *free carrying* — of *ignoring the existence and the rights* of our flag at sea — has been most unwise. Other shipping nations, as well as ourselves, will yet have to adopt the old principle of a *regulated* trade, or submit always to the domination of their traffic, which has been acquired, by Great Britain. Subsidies and bounties cannot, in their nature, fill the place of regulations. As our Constitution will prevent adoption of a subsidy policy, if *we* do anything for shipping restoration, it must be in the line of trade regulation.

Our early shipping measures were reasonable, simple, and wise. While the principle of the British navigation law was that of *exclusion and monopoly*, the essence of American policy was freedom, with *preference for the employment* of our own vessels. What preference could not secure we let go. Expe-

rience shows that for prosperous trade ships must carry *both ways*. Where they can carry cargo but one way, and must take ballast the other way, freights must rule higher, or ships must lay up idle. Experience shows also that the merchants and underwriters of every country, *as a rule*, prefer to employ and insure the shipping and property of *their own flag*. This is not only natural but proper. If American merchants and underwriters now feel indifferent towards their country's flag, it is the result of the do-nothing plan so long pursued. It was not so when we had a patriotic policy. Besides, our shipping must now look for employment, *as for a favor*, to the subjects, or agents of subjects, of foreign Powers, right in our own ports, and, of course, their preference is for foreign tonnage, the property to be carried and the insurance being foreign.

*Influence of Preference.* In early times our export carrying depended mainly on the *natural preference* of our merchants and underwriters for our own ships to carry our own property. A foreign ship had generally to buy its export cargo. Our import carrying could not be left to shippers in foreign ports, without inducements that would create a *preference* for American vessels. Discriminating tonnage and tariff duties created this, and while these continued it resulted in our ships abroad getting cargoes and dispatch nearly as well as at home. Few had to return without at least cargo enough for ballast. Our proportionate carriage of imports averaged *six or seven* per cent. higher than that of exports. Our ships sailed with assurance, carrying the cheaper for being employed both ways. The benefit of discriminating duties was demonstrated, for our policy had no sooner changed than our rivals, by every possible means, secured the freights in foreign ports and turned the tables on our marine. Equal footing *in law* at the Custom House quickly produced *unequal footing in fact* in the freight market. It is said to have "carpeted our wharves and warehouses" for alien merchants and underwriters. As they obtained our business, preference for import carrying passed year after year to foreign flags, mainly to the British. *Congress had made it easy* for nations importing our staples to get cargoes for *their vessels both ways*; and by the same measure it soon became

hard, and then impossible, for American ships to get paying freights homeward. Idleness, failure, and "sales abroad" followed.

*Measures Requisite for Import Employment.* The simple provisions of our early acts would be insufficient now for import employment. The following measures would be expedient: —

1. *Extra tonnage duty* of one dollar per ton on the gross admeasurement of every vessel, not of the United States, that shall arrive with merchandise or passengers to be landed in the United States from a country, its colony or possession, to which said vessel does not belong.

2. *Extra duty* of ten per cent. *ad valorem* to be collected on all merchandise imported by every vessel not of the United States, from a country, its colony or possession, to which the importing vessel does not belong.

3. Extra duty of ten per cent. *ad valorem* on all merchandise imported by a vessel, not of the United States, coming from any country, its colony or possession, where said merchandise was not grown, produced, manufactured, or first exported, or which, being the growth, production, or manufacture of any foreign country not contiguous to the United States, shall come into the United States across the line from any such contiguous country, unless in the course of strictly retail trade.

4. Merchandise on the "free list" to become dutiable at ten per cent. *ad valorem* when imported in vessels not of the United States.

5. Merchandise on the "reciprocity list" to become dutiable at full rates when imported in vessels not of the United States or of the reciprocating country.

6. *Extra duty* of fifteen per cent. *ad valorem* on all merchandise admitted to storage in bonded warehouse, unless imported in vessels of the United States; but a rebate of ten per cent. shall be allowed in all cases where such merchandise shall be re-exported in vessels of the United States.

*Reasons for these Regulations.* In these measures merchandise bears the brunt of discrimination. Vessels are only affected indirectly, unless bringing goods from countries *not their own*. The difference in duties is preferably made by an

extra rate, as that would least affect the revenue. This regulation would tend to limit import carriage to vessels of the countries concerned in the trade. This was the primitive rule in commerce and a salient feature of the British Navigation Act, which was *only* repealed in 1849. We gave up this principle in our reciprocity act of 1828. It is *not a right*, but a privilege purely, that any foreign vessel shall bring a cargo — much or little — from a country not its own, taking the normal function of our own ship. Only treaties or conventions can secure such privileges. Both the right and expediency are with the vessels of the countries exchanging products. If this principle removes a bane of trade and a source of ruin to the marines of inferior countries, it merits the support of the fair-trading world.

It will be noted especially that extra duties are not suggested on the *imports coming directly* from foreign countries *in their own* or American vessels — only foreign nations bringing the merchandise of others would find the bars put up. This regulation would not contravene our convention with Great Britain *in respect to merchandise*.

The *bonding* privilege is another prerogative now entirely engrossed by foreigners to the exclusion of ourselves. Neither American merchants nor American ships derive benefits from this facility of our revenue system. When the warehouse act was passed in 1846, part of the purpose was relief to some extent from *cash* payment of duties. This had been provided for in the tariff of 1842. Previously, our merchants had had a few months' credit. In 1846, also, our shipping, owned mostly by our merchants, was carrying 87 per cent. of imports, while citizens were doing 80 per cent. of trade. "Bonded goods" are brought *now* almost wholly by foreign ships for alien importers. The unpaid duties represent millions of *indulgence* money forborne to *rivals* in aid of their competition with our factories and our shipping. Had present conditions existed in 1846, the warehouse system could not have been established.

*Measures Requisite for Export Employment.* In all of our history there has never been a period so hard as during the past twenty years to get export freights for American vessels. This

is largely because we have lost our merchants and underwriters along with our ships. When a foreigner takes up an American ship he wants a *douceur* — if a broker, he wants a *bribe*. Foreigners hold a heavy hand upon our export commerce, since much of it is *foreign property* before it leaves interior points, and therefore easily controlled in behalf of foreign shipping. Most of our exports to Europe are “billed through,” covered by foreign insurance. Subsidies of any sort will never direct merchandise, under British insurance, into American vessels at the seaside — simply because competition cannot overcome *preference*. Urgent as it is to secure export freights, fitting means seem to be few : —

1. *Extra tonnage duty* of fifty cents per ton on the gross admeasurement of every vessel that shall arrive in ballast or without merchandise or passengers to be landed in the United States from a country, its colony or possession, to which said vessel does not belong. Vessels coming from their own country without merchandise, or passengers equal to one fourth of carrying *capacity*, shall be considered as *in ballast*, and shall pay extra tonnage duty of fifteen cents per ton.

2. *Extra tonnage duty* of two dollars per ton on the gross admeasurement of every vessel, not of the United States, that shall arrive from any foreign country under charter to load for another foreign country ; or that shall effect such charter after arrival, there being American vessels in port listed at the Custom House as ready to charter for a similar voyage.

3. *Light dues* to be collected as tonnage duties on the gross admeasurement of all vessels not of the United States, except in case of clearing in ballast.

4. The present tonnage duties may remain in force, payable when entry of vessel is made. All *extra* duties of tonnage, and the light dues, to be payable when clearance of vessel is made.

5. All collections of *extra* duties of impost and of tonnage, of revenue fines and forfeitures, to be set apart in the Treasury of the United States for a *special fund* with which to pay *premiums* to shippers of merchandise for freighting American vessels not owned by themselves. Said premiums to be not less than the rate of marine insurance for the voyage to be made.

6. Marine underwriters or insurance companies of foreign countries may issue policies on export merchandise, through agencies established in our ports, conformable to State laws, but any discrimination in rates or otherwise against American merchandise or vessels to be punishable by the courts of the United States.

*Comments on Foregoing Regulations.* The first of these measures is similar to the second of the preceding set, as to vessels coming from countries to which they do not belong. The second is based on the necessity of counteracting the practice of foreign speculators in tonnage who have been wont to "charter ahead" in Liverpool, and to order from all parts of the world scores of ships to our Pacific ports, for example, where they arrive "under charter," in disregard of the needs of trade, of the rights of our own ships in port, to forestall the freight market and profit by rechartering, the result being *idleness* for American vessels, *lying at anchor* awaiting engagements — for months and years in vain.<sup>1</sup> The third is based on the fact that abroad our vessels are taxed under the same heads — often by corporations. By the Act of 1804 we levied on foreign vessels "light dues" of fifty cents a ton. This tax was taken off in 1830; since then, foreigners have had "free" lights, simply because we could not, under our conventions, levy them on foreigners unless we did also upon our own ships.

The fifth measure is the only direct, and probably the most effective one for engagement and dispatch, making employment certain in our own ports. A percentage on the value of articles shipped, equivalent to the marine insurance rate, at the least, or to double the rate at the most, would undoubtedly be sufficient in many cases, where foreign vessels are now preferred, to induce the loading of American vessels. A sailing subsidy paid to the *vessel* would not secure preference, and competition is of no account in most cases. "Compensation" or bounty to the vessel would not interest the exporter; but the premium

<sup>1</sup> Ships are sent out from England with goods to Australia or China at low rates of freight. From Sidney with coal to San Francisco a ship may pay expenses, from China ballast is brought, but the homeward-bound grain charter pays a foreign owner for the year's work of his vessel.



would. Of course, the vessel would have to offer for as low a rate of freight as others. The premium would merely secure *the preference*.

Whence would come the premiums to be paid? The fund from the extra duties would amply provide them. What about the constitutionality of premium payments? The money would come from a *special fund*, not from the general stock of revenue derived from taxes; this fund, too, would come from foreign sources, not from the pockets of the people. The fund is raised under the power to regulate commerce, not under the power to raise revenue. There would seem to be, therefore, no constitutional difficulty in the way.

*Mail and Passenger Measures.* The import and export transportation being provided for as suggested, suitable measures for mails and passengers may be thus described:—

1. The continuation of the postal act of 1891, amended to require the Postmaster-General to extend its operation by advertising *annually* for service on new routes, or for renewal of tenders. Now, we have the spectacle of the Post-Office Department suggesting there ought to be a service between San Francisco and Manila direct, instead of acting under a statute and supplying the want referred to. If the pay will not bring the service, let Congress know the fact.

2. A head-money tax of twenty-five to fifty per cent. upon all passage-money paid by passengers landed in the United States or possessions, from vessels not of the United States, from countries to which said vessels do not belong. But the least amount collected to be twenty dollars each.

3. The Post-Office Department to send mails outward by vessels of the United States, *and no others*, without the special authority of Congress, and in every case only, after a future date. This Department has seldom exerted itself in favor of *American* postal service. It seems to feel under obligations to foreign lines.

4. The President to have authority, *and to use it*, to send mails outward or to bring them inward by suitable ships of the navy, when private enterprise fails to undertake the service at lawful rates of compensation, and Congress is not in session.

Briefly outlined, this is a system of shipping encouragement that agrees perfectly with the successful measures of the fathers; *accords with the Constitution*; and would effect its purpose. The provisions for securing freights would be helpful in reducing the amount of mail support in many cases. This system would not be long in bringing back to our flag at sea the business and the appreciation of citizens accorded in former times. This system is such that if other nations applied it to us, we would not object. Our course would not interfere with the ship protection of any nation; we but do as all have done — make and apply our own. And our Government should see to it continually that no foreign marine gets any unfair advantage.

*Foreign Ship Protections.* Here we may be confronted by the bugaboo of “foreign retaliation.” It is feared by timid souls that some or all of our rivals would spitefully resent the rescue of our marine from the hands of its wreckers. Perhaps they would think it wrong, that —

“The wily quarry shunned the shock” —

without permission from the hawk! Look out upon the sea: Are there any flags there, but our own, unprotected?

Has not every nation, whose Government or people think its marine in need of encouragement, taken such steps as it is believed will secure its continuance on the ocean? The nations now paying bounties will one day give them up — probably in the first war which they have, if their taxpayers do not sooner object. When this happens, regulations of trade will follow.

But England — what of England? Will she ever consent to our encouragement of navigation by proper means? *If she must, she will.* The relations of the two nations have greatly changed since the shipowners of London and Liverpool aided liberally in the effort to dissolve the Union. *We now feed England.* She must continue her food dependence. She must have our cotton also. She may bluster, but she will restrain the “dogs of war.” Why should England longer strive to curb and cramp American shipping power? She knows if we

are true to ourselves she cannot. Our developed resources have made our friendship too valuable to be rejected. Our strength has begotten respect. Why should England, having a most effective system of ship protection, complain of us for a few regulations in the interest of our marine? Before attacking us, will she not consider if she has the justification? Let us recapitulate her system.

*Present British Ship Protection.* This, as we have shown, covers more than half of the world's carrying trade and commerce, and is most diverse and powerful. Former prohibitions have been swept away; but the principle of preference and practice of discrimination rule supreme in ship employment and marine insurance. This unique system is partly governmental, partly institutional, and voluntary with patriotic individuals. It consists of different policies coöperating for the success of *British* ships. Briefly, it is as follows: —

1. A strong and efficient steam mail subsidy policy, for intercourse with the world in *British* ships.

2. A naval reserve subvention policy in support of steam lines for the engrossment of *British* commerce with the United States.

3. Lloyds discriminative ship inspection, prejudicial to foreign vessels, particularly if foreign-built.

4. British insurance discrimination, on hulls and cargoes, thus compelling the employment of *British* ships.

5. Lloyds discriminative loading rules enforced by the Board of Trade — lightest loading to foreign ships not built by Lloyds rules, though they may be stronger.

6. A discriminative chartering policy observed by merchants and shippers — only *British* ships taken for *standard*, foreign flags having to accept lower rates of freight and pay higher insurance on cargo — in disregard of the rights of foreign nations under reciprocity conventions for “free freighting.”

7. Discriminative “Exchange” rules requiring cargoes to be *British* insured, to be regular in sales, thus giving the control of charters to *British* underwriters, which is about the same thing as refusing charters to foreign, but particularly American ships.

8. Trade custom to pay higher prices in British markets for cargoes by *British ships*.

9. Coöperation of British steamship and American railway interests—the former intent on engrossing the carriage to England. Our laws should forbid, and break up such coöperation with a foreign interest against the welfare of the Union.

10. Rings and combinations of British shipowners, merchants, and underwriters, linked in mutual self-interest, to control the trade and transportation of the *United States* with the other countries of the world. A part of their plan may be to mislead our statesmen into “subsidy” legislation.

From this array of protective expedients it appears that England has “retaliated” *in advance* on any nation ambitious to “follow the sea.” None of the nations that accepted the principle of “reciprocity,” and entered into conventions with us, antedated Great Britain in resorting to a protective policy. She has been the leader. Her system seems well-nigh perfect. The counteraction of this system cannot be a “National sin.”

*The “Treaty” Hindrance.* We will be told, however, that regulations of trade are “not practical measures,” because, “we are *bound* by treaties” *not thus* to encourage our navigation. The agreements referred to are conventions limited in *time*. (This matter has been discussed in chapter xviii.) There is nothing in this apprehension. Nicaragua has lately (Oct. 24, 1901), noticed for annulment her “treaty” of 1867 with the United States, by which she had granted substantial benefits. This treaty was subject to abrogation by a year’s notice of either party after fifteen years of force. Our shipping conventions may all be terminated in like manner. It is utter nonsense to plead the bonds which we self-impose from day to day. Let us not forget that we were twenty-six years without a single one of our shipping agreements; that they contributed nothing towards our success in navigation; on the contrary, they have been the ruin of it in foreign trade. Nor should we ignore the fact that foreign nations have violated, and every day are violating, the spirit of these agreements, by resorting to protections of various kinds, thereby reinstating *substitutes* for

that protection which was set aside, thus taking advantage of our navigation. The result has demonstrated that if we make and keep such agreements, we shall never have an *adequate marine*, no matter what the policy or measures adopted.

We now find ourselves under a false policy, imposed by foreign influence, that has operated to create *dependency* in navigation. Shall this condition be continued? In the day of our weakness we were imposed upon. To continue our false policy is to impose upon ourselves. Our forefathers broke their foreign yoke. Can we be worthy of them, and perpetuate our subordination? We are able at any time to break our fetters off and to cast them away. We can build and sail shipping for ourselves and conduct our own commerce. We have not to beg permission of any nation that American ships may sail the ocean, nor have we to tax our people to buy our way into any commercial mart. We have only to provide by law that ships of our flag *shall enjoy their* RIGHT — the PREFERENCE in carrying American commerce, and back up our law by the sentiment of the American People. And, relying upon this sentiment, may Congress have the wisdom to exercise its legal power at an early day.



## APPENDIX.

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*The Usefulness of Shipping.* In commerce a ship serves two purposes: First, that of transportation for the merchant; second, that of earning and saving for its *nation* a competence of wealth and power. The merchant's use of shipping is highly beneficial, but the national service is invaluable: First, in balancing foreign trade; and, second, in providing means for maritime defense.

A shipless nation is generally in foreign debt. Its exports and imports may balance, while its *commerce*, as a whole, is shortcoming, the balance to be paid in coin. The explanation is this: Commerce consists of *transportation* as well as trade. The charge for freight follows the cargo; it is a virtual export, or import, as the case may be. By our own ship abroad, it increases our credit there. By our own vessel home, it saves debt here. Thus, transportation must needs be balanced as well as trade, either by trade itself, by transportation, by exports or imports of precious metals, stocks, bonds, or investments—perhaps bankrupt paper. Where alien merchants, underwriters, and bankers, as well as foreign vessels, are employed in a nation's commerce, *as now in ours*, only a very large excess of exports over imports can or will prevent an adverse balance of COMMERCE. (See pages 18, 19, and 20.)

## OUR EXPERIENCE IN NAVIGATION AND THE BALANCING OF FOREIGN COMMERCE.

Statement showing the Gain or Loss of using our own Shipping, or employing Foreign, in our Commerce.

By WILLIAM W. BATES.

YEARS.	TRADE.		TRANSPORTATION.		RESULTING BALANCE, PER CAPITA.										Freights. Percentage of Cargo Value.
	Ex- porta. Value per Capita. Dollars.	Im- porta. Value per Capita. Dollars.	Value by Ameri- can Vessels.		Of Trade.		Of Transportation.				Of Commerce as a whole.				
			Ex- porta. Per cent.	Im- porta. Per cent.			Exports.		Imports.						
					Favor- able. Dollars.	Ad- verse. Dollars.	Favor- able. Dollars.	Ad- verse. Dollars.	Favor- able. Dollars.	Ad- verse. Dollars.					
											Per cap. Favor- able. Dollars.	Per cap. Ad- verse. Dollars.			
1790.....	09.75	5.14	5.85	40.	41.	—	0.71	—	0.12	—	0.19	—	1.02	22 and 18	
1791.....	09.81	4.68	7.19	52.	58.	—	2.51	0.04	—	0.21	—	—	2.26	—	
1792.....	10.55	4.95	7.50	61.	67.	—	2.55	0.24	—	0.46	—	—	1.85	—	
1793.....	08.96	6.03	7.21	77.	82.	—	1.18	0.97	—	0.87	—	0.66	—	25 and 20	
1794.....	10.32	7.42	7.77	86.	91.	—	0.36	1.34	—	1.28	—	2.27	—	—	
1795.....	12.03	10.48	15.23	88.	92.	—	4.75	1.99	—	2.56	—	—	0.20	—	
1796.....	12.53	14.24	17.29	90.	94.	—	3.05	2.85	—	3.03	—	2.83	—	High	
1797.....	12.45	11.70	15.54	88.	92.	—	3.82	2.25	—	2.61	—	1.04	—	rates	
1798.....	12.06	12.30	13.70	87.	91.	—	1.40	2.27	—	2.25	—	3.12	—	through	
1799.....	12.63	15.27	15.35	87.	90.	—	0.08	2.43	—	2.45	—	4.80	—	this	
1800.....	12.33	13.87	17.19	87.	91.	—	3.82	2.48	—	2.81	—	1.47	—	period	
1801.....	11.26	17.06	20.19	87.	91.	—	3.13	3.15	—	3.50	—	3.52	—	—	
1802.....	09.74	12.71	13.39	85.	88.	—	0.98	2.22	—	2.03	—	3.57	—	—	
1803.....	09.84	9.47	10.98	88.	86.	—	1.51	1.56	—	1.56	—	1.61	—	—	
1804.....	10.82	12.78	14.00	86.	91.	—	1.22	2.30	—	2.29	—	3.37	—	—	
1805.....	11.81	15.23	19.22	89.	93.	—	3.99	2.97	—	3.30	—	2.28	—	—	
1806.....	12.28	15.69	20.00	89.	93.	—	4.31	3.06	—	3.44	—	2.19	—	—	
1807.....	12.54	16.25	20.78	90.	94.	—	4.53	3.25	—	3.65	—	2.37	—	—	
1808.....	11.09	8.31	8.31	88.	93.	—	5.04	0.62	—	1.43	—	2.99	—	—	
1809.....	12.77	7.42	8.43	84.	88.	—	1.01	1.21	—	1.28	—	1.48	—	—	



## APPENDIX.

447

13.43	9.22	11.90	90.	98.	—	2.58	1.84	—	2.08	—	1.29	—
10.18	8.20	7.14	86.	80.	1.06	—	1.48	—	1.14	—	3.68	—
06.78	4.99	9.06	80.	85.	—	4.97	0.75	—	1.40	—	—	2.82
08.40	3.50	2.78	65.	71.	0.74	—	0.27	—	0.23	—	1.24	—
08.17	0.84	1.58	51.	58.	—	0.74	0.01	—	0.05	—	—	0.68
04.15	10.05	6.23	13.41	77.	—	7.18	0.58	—	1.80	—	—	6.30
06.12	9.45	16.97	68.	73.	—	7.52	0.75	—	1.40	—	—	5.37
06.94	9.84	11.14	74.	79.	—	1.80	1.04	—	1.16	—	0.90	—
06.39	10.18	13.31	80.	86.	—	3.13	1.34	—	1.67	—	—	0.12
06.08	7.47	9.27	82.	87.	—	1.80	1.05	—	1.23	—	0.48	—
05.95	7.23	7.72	89.	90.	—	0.49	1.80	—	1.11	—	1.92	—
05.88	6.52	6.29	84.9	92.7	0.23	—	0.90	—	0.97	—	2.10	—
06.63	7.02	8.09	84.1	92.1	—	1.07	1.16	—	1.23	—	1.21	—
05.63	7.04	7.31	87.4	92.4	—	0.27	1.16	—	1.11	—	2.00	—
05.79	6.09	7.37	88.7	93.4	—	1.28	1.19	—	1.15	—	1.06	—
05.88	8.80	8.26	89.2	95.2	0.54	—	1.52	—	1.35	—	8.41	—
06.00	6.69	7.32	89.6	96.	—	0.63	1.17	—	1.18	—	1.72	—
05.87	6.93	6.68	87.5	94.3	0.24	—	1.14	—	1.07	—	2.45	—
06.18	5.91	6.71	84.5	91.4	—	0.80	0.89	—	0.99	—	1.08	—
04.70	5.77	6.94	86.	93.	—	0.17	0.83	—	0.81	—	1.47	—
04.17	5.74	5.51	86.3	93.6	0.23	—	0.88	—	0.76	—	1.82	—
04.06	6.13	7.78	80.6	91.	—	1.65	0.75	—	1.02	—	0.12	—
04.49	6.38	7.40	75.8	89.4	—	1.02	0.62	—	0.93	—	0.53	—
04.63	6.40	10.65	75.5	90.7	—	4.26	0.62	—	1.88	—	—	—
05.18	7.21	7.47	74.4	89.	—	0.26	0.66	—	0.98	—	—	—
05.32	8.18	8.50	77.3	90.2	—	0.32	0.84	—	1.09	—	—	—
04.95	8.41	12.41	75.4	90.3	—	4.00	0.81	—	1.60	—	—	—
04.38	7.47	8.96	77.6	86.5	—	1.49	0.74	—	1.04	—	0.29	—
04.39	6.71	7.04	82.8	90.6	—	0.33	0.79	—	0.91	—	1.49	—
04.25	7.29	9.76	78.3	88.7	—	2.47	0.70	—	1.13	—	—	—
04.48	7.15	6.28	79.9	89.6	0.87	—	0.78	—	0.69	—	2.34	—
04.48	6.93	7.28	76.3	88.4	—	0.35	0.51	—	0.84	—	1.14	—
04.53	6.78	5.53	77.3	86.5	0.25	—	0.61	—	0.64	—	1.40	—
04.36	5.36	3.47	77.	77.1	1.89	—	0.49	—	0.28	—	2.66	—
04.66	5.68	5.68	70.5	86.7	0.10	—	0.40	—	0.62	—	1.12	—
04.54	5.73	5.75	75.8	87.3	—	0.42	0.63	—	0.46	—	0.67	—

## OUR EXPERIENCE IN NAVIGATION AND THE BALANCING OF FOREIGN COMMERCE — (Continued).

YEARS.	Ameri- can Ship- ping per Capita. Frac- tions of Tonn.	TRADE.		TRANSPORTATION.		RESULTING BALANCE, PER CAPITA.										Freights. Percentage of Cargo Value.
		Ex- ports. Value per Capita. Dollars.	Im- ports. Value per Capita. Dollars.	Value by Ameri- can Vessels.		Of Trade.		Of Transportation.				Of Commerce as a whole.				
				Ex- ports. Per cent.	Im- ports. Per cent.	Per cap. Favor- able. Dollars.	Per cap. Ad- verse. Dollars.	Exports.		Imports.		Favor- able. Dollars.	Ad- verse. Dollars.			
								Favor- able. Dollars.	Ad- verse. Dollars.	Favor- able. Dollars.	Ad- verse. Dollars.					
1846.	04.60	5.34	5.75	76.2	87.1	—	0.41	0.47	—	0.64	—	0.70	—	16 and 14		
1847.	04.95	7.43	5.77	65.3	77.2	1.66	—	0.36	—	0.44	—	2.46	—	—		
1848.	05.38	6.33	6.80	71.1	82.9	—	0.47	0.41	—	0.62	—	0.56	—	—		
1849.	05.62	6.25	6.28	68.9	81.4	—	0.03	0.37	—	0.55	—	0.89	—	—		
1850.	06.23	6.22	7.48	65.5	77.8	—	1.26	0.31	—	0.54	—	—	—	16 and 13		
1851.	06.47	7.88	8.79	69.8	75.6	—	0.91	0.50	—	0.60	—	0.19	—	—		
1852.	06.98	6.74	8.37	66.5	74.5	—	1.63	0.33	—	0.50	—	—	—	16 and 13		
1853.	07.50	7.95	10.30	67.1	71.5	—	2.35	0.43	—	0.57	—	—	—	15 and 12		
1854.	08.18	8.97	11.27	69.3	71.4	—	2.30	0.56	—	0.62	—	1.35	—	16 and 13		
1855.	08.63	8.04	9.47	73.8	77.3	—	1.43	0.61	—	0.67	—	1.12	—	—		
1856.	08.19	10.01	11.05	70.9	78.1	—	1.04	0.67	—	0.87	—	0.15	—	—		
1857.	07.83	10.14	12.02	60.2	71.8	—	1.88	0.29	—	0.58	—	0.50	—	—		
1858.	07.72	9.09	8.79	75.	72.	0.30	—	0.51	—	0.39	—	1.20	—	14 and 11		
1859.	07.58	9.55	10.81	69.9	63.7	—	1.26	0.48	—	0.29	—	0.49	—	13 and 10		
1860.	07.58	10.60	11.24	69.7	63.	—	0.64	0.54	—	0.29	—	0.19	—	—		
1861.	07.76	6.78	8.98	72.1	60.	—	2.20	0.35	—	0.18	—	—	—	—		
1862.	06.62	5.79	5.75	54.5	44.8	0.04	—	—	0.06	—	0.07	1.67	—	—		
1863.	05.75	6.07	7.25	40.	43.3	—	1.18	—	0.16	—	0.10	0.09	—	—		
1864.	04.35	4.64	9.25	30.	24.6	—	4.61	—	0.24	—	0.47	1.44	—	—		
1865.	04.36	4.76	6.85	26.1	29.9	—	2.09	—	0.29	—	0.28	5.32	—	—		
1866.	03.91	9.82	12.24	37.7	25.1	—	2.42	—	0.31	—	—	2.66	—	—		
1867.	04.18	8.13	10.93	39.1	28.	—	2.80	—	0.21	—	—	8.34	—	—		
1868.	04.06	7.62	9.66	36.6	38.	—	2.04	—	0.21	—	0.43	8.44	12 and 9	—		

	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.
	03.97	7.58	11.06	34.9	31.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.76	10.18	11.28	37.7	33.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.45	11.12	13.15	32.6	31.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.37	10.94	15.43	29.8	26.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.33	12.51	15.40	25.7	27.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.27	13.70	13.25	24.6	30.2	0.45	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.48	11.68	12.12	23.7	29.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.46	11.97	10.21	26.4	30.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.41	12.96	9.73	23.7	31.5	1.76	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.36	14.60	9.18	22.6	32.2	8.26	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	03.00	14.54	9.12	17.6	31.6	5.42	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.62	16.06	13.31	13.7	22.	3.35	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.52	17.58	12.52	13.8	19.9	5.06	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.39	14.29	13.80	12.8	19.2	0.49	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.35	15.34	13.50	13.4	20.7	1.84	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.31	13.48	12.16	14.4	22.4	1.32	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	02.23	13.21	10.28	13.7	21.3	2.93	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.71	11.84	11.07	13.6	20.	0.77	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.67	12.20	11.79	12.2	18.6	0.41	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.52	11.60	12.07	11.79	18.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.56	12.11	12.15	11.62	17.08	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.47	13.69	12.60	9.03	16.68	1.09	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.54	13.82	13.20	9.26	15.85	0.62	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.49	15.75	12.65	8.11	17.66	8.10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.32	12.70	12.96	8.79	15.45	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.31	13.07	9.60	8.74	19.43	3.47	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.18	11.60	10.51	8.22	15.48	1.09	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	01.15	12.40	10.96	8.56	15.76	1.44	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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	01.07	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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Computed, and closely approximated, from the best information obtainable.



## INDEX.

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- ABROGATION of reciprocity treaties, 424.  
Abrogation of treaties recommended, 415, 416.  
Abrogation of treaties, the manner shown, 209.  
Act concerning navigation, 1818, 209, 210.  
Act of March, 1815, faulty, 431, 432.  
Act of May, 1828, foreign, prompted, 431, 432.  
Act of Parliament excluding our vessels, 228.  
Act of reciprocity of 1815, 173, 174.  
Act of 1824 passed in private interest, 257, 259.  
Acts embodying our early policy, 421.  
Acts of British cruisers and privateers, 78, 121, 124.  
Acts of British minister disavowed, 154, 166.  
Acts of British Parliament, 140, 144, 228, 248, 251, 268.  
Adams failed to open West India ports, 274.  
Adams, John, first Minister to England, 118, 231, 234.  
Adams, John Quincy, President, 257, 258, 297.  
Adams's messages to Congress, 259, 273.  
Admeasurement rules for tonnage, 65.  
Administration of James Monroe, 208.  
Admiral Monk and the Dutch war, 303.  
Advantage given the British in 1815, 202.  
Advantage of premiums, 438.  
Advantages, England's shipping, enumerated, 286.  
Advantages of our closer union, 212.  
Adverse balances, French and British, 15.  
Advice of President Monroe, 213, 242.  
Agriculture will help defend commerce, 218.  
Alabama depredations, 309, 313.  
Algerines prey on our commerce, 107.  
Alien merchants and underwriters, 434.  
"Alliance," an American steamer, 402.  
Allowance of rebate not a bounty, 380, 387.  
Amendments of Wilson bill, Senator Frye, 414, 415, 416.  
American oak superior to British, 304.  
American ocean post demanded, 349, 350.  
American ships superior, 324, 325.  
American State Papers, 49.  
American trade with England, table (1), 39.  
American vessels to carry citizen seamen, 205.  
Ames, Fisher, of Mass., speech, 38, 103, 111, 112, 113, 372, 373, 374.  
Amount of our carrying power, 423.  
Annapolis Convention, the, 44, 45, 97, 212.  
Annulment of conventions, how provided for, 296, 297.  
Anti-monopoly of sea carriage, 5, 142.  
Appendix, Historical Chart of Trade Balancing, 445.  
Application of reciprocity, 90, 119.  
Appreciation of navigation, 1, 3, 56.  
Appreciation of the British flag, 334.  
Apprentices on shipboard, 81.  
Argument against the drawback system, 385, 386.  
Arrivals at American ports, 283.  
Arrivals of British tonnage, 126, 295.  
Arrivals of foreign and American tonnage, 295.  
Articles of convention of 1815, 178-181.  
Asiatic goods, duties on, 63, 64, 78.  
Asiatic trade encouraged, 37, 38.  
Assemblies, colonial, 191, 192.  
"Atlantic Transport Line," 406.  
Authority of the President increased, 439.  
Average voyage distance, 392.  
Bacon, of Mass., speech, 144.  
Balance of commerce, 18-20, 445.  
Balance of trade, 14, 17, 18, 445.  
Balance of transportation, 18-20, 445.  
Ballast, carried by vessels, 216.

- Ballin, Herr, on German subsidies, 364, 365.  
 Banker's Magazine, article, 328, 329.  
 Barbour, of Va., bill to regulate W. I. trade, 250.  
 Barbour, of Va., speech, 210-222, 236.  
 Barrenness of treaties, 231, 232.  
 Basis of Hanna-Payne bill, 391, 392.  
 Bayard, of Del., speech, 143, 144.  
 Belief, early, in free trade, modified, 35.  
 Belligerent rights disregarded, 164, 165.  
 Beneficiary of reciprocity, 285.  
 Beneficiaries of act of 1824, 256.  
 Benefit, a true foundation of reciprocity, 226.  
 Benefit of discriminating duties, 434.  
 Benefits, national, of navigation, 56.  
 Benefits of reciprocity shown, 283.  
 Benton, Thos. H., views of, 92, 93.  
 Bill to regulate intercourse, West India, 249, 250.  
 Bismarck, on balancing trade, 15, 16.  
 Black-ball line of packets, 241.  
 Blaine, James G., Speaker of House, 339, 340.  
 Blockades of British and French, 149, 156, 163, 165, 166, 169.  
 Bonding privilege abused, 436.  
 Boudinot, of N. J., speech, 61, 110.  
 Bounty adopted by France and Italy, 840.  
 Bounty bill, fishing, 1792, 77, 78.  
 Bounty doctrine adversely settled, 367-388.  
 Bounty experience of France and Italy, 362, 363, 364.  
 Bounty not asked for fisheries, 371.  
 Bounty proposition in Congress, 1869, 339.  
 Bounty, the French system, 243.  
 Bounty — this word a stumbling-block, 372.  
 Bounty to shipping stands on false ground, 380.  
 Bounties, British and French, fishing, 373.  
 Bounties, Congress no power to grant vessels, 376.  
 Bounties may be paid by the States, 388.  
 Bounties subversive of the Constitution, 384.  
 Bourne, of Mass., speech, 385.  
 Boycott of Liverpool Corn Exchange, 329, 330.  
 Bradbury, of Mass., speech, 197, 198.  
 British advantages in Jay treaty, 127, 132, 174.  
 British antagonism towards American shipping, 201, 202.  
 British Board of Trade committee report, 1791, 123.  
 British coercion, treaty of Ghent, 259.  
 British colonies in distress, 244.  
 British consular reports, abstract of, 341, 342, 343.  
 British cooperating policies, 441, 442.  
 British demand possession of the great lakes, 171.  
 British discrimination against the French, 282.  
 British effort to regain our trade, 39, 196.  
 British "free-ship" act, 315.  
 British gains from opening West Indies, 276.  
 British gains under reciprocity, 295.  
 British Government on our acts of 1789, 122, 123.  
 British Government, Proclamation, 40, 110.  
 British Government relaxes, 248.  
 British hostility towards Amer. navigation, 116, 117, 124.  
 British influence after Independence, 17, 38.  
 British interest in failure of fisheries, 385.  
 British interest in subsidy and bounty, 340.  
 British interference and influence, 130.  
 British navigation act, 31, 53, 54, 97, 98, 106, 119, 223, 224, 260.  
 British navigation act justified, 422.  
 British objections to our Act of 1823, 250, 257.  
 British Ocean Post, 336, 337.  
 British opposition, existing, 419, 420.  
 British persistency matched at last, 244.  
 British policy, 10, 50, 52, 69, 70, 84, 98, 108, 109, 110, 164, 165, 166, 208, 248.  
 British policy bad for inferior nations, 433.  
 British power based on the sea, 29.  
 British reciprocity, present, 281.  
 British seizures of our vessels, 246, 247.  
 British ship protection, 300-312.  
 British ships standard, 304.  
 British steamship and American railroad cooperation, 442.  
 British underwriting policy, 305, 306, 307, 330.  
 Bugaboo of "foreign retaliation," 440.  
 Butler, of S. C., speech, 410.  
 Bureau Veritas Register, 312.  
 Bureau Veritas statistics, 366.  
 Cady, of N. Y., speech, 197.  
 Calculation of cost of subsidy, 389-391.  
 Calhoun, John C., report for war, 1812, 167.  
 Calhoun, of S. C., speech, 188.

- California grain trade, 812.  
 Carrying trade, benefits of, 3, 4, 5.  
 Carrying trade, culmination of, 2, 291.  
 Carrying trade, decline of, 2, 291, 292.  
 Carrying trade given away by Congress, 7.  
 Carrying trade, no object, 107.  
 Cause of British aggression, — to destroy a rival, — 167.  
 Cause of our shipping difficulties, 118.  
 Caution, Jefferson's, in 1791, 22.  
 Chappell, F. C., on ocean traffic, 331.  
 Character, national, at stake, 201.  
 Chart, historical, of foreign trade balancing, 18, 19, 20, 21, 445.  
 Chartering "ahead," evils of, 438.  
 Chartering American vessels, 315.  
 Cheap navigation and small carriage, 401, 404, 405.  
 Chesapeake and Leopard affair, 151, 153, 155, 160.  
 Chief feature of Frye bill (No. 1), 394.  
 Chitty's law of nations, extract, 190.  
 Circuitous trade, important, 123, 124.  
 City of Peking, steamer, defamed, 319, 320.  
 Clark, of N. Y., speech, 101, 102.  
 Classification by age, 322.  
 Clay, of Ky., speech, 167, 188, 195, 196, 198, 199.  
 Clay on the Convention of 1815, 195-199.  
 Clay, Henry, Speaker of the House, 431, 432.  
 Clay's diplomatic inexperience, 199.  
 Clear speech opposing bounties, 380-385.  
 Clear view of a statesman, 411, 412.  
 Closing of American ports, 208, 209, 252.  
 Closing of British colonial ports, 40.  
 Clymer, of Pa., speech, 410.  
 Coasting trade, invaluable, 269.  
 Coasting trade, opening of, a British suggestion, 121.  
 Coasting trade reserved by law, 204-207.  
 Collections of extra duties, a fund, 437.  
 Colonial ship protection, 31, 32, 33, 47.  
 Colonial tonnage and tariff acts, 32.  
 Colonial trade and other bills, 269, 270.  
 Comments on proposed regulations, 438.  
 Commerce Americanized, 24, 206.  
 Commerce, balancing of foreign, 17, 18, 445.  
 Commerce, British sacrifice it to navigation, 237.  
 Commerce, East India, 60, 61, 67.  
 Commerce, fair and equitable, 431.  
 Commerce in American hands, 267.  
 Commerce, indirect foreign, reserved, 258.  
 Commerce, ours, an open system, 223, 224.  
 Commerce, ours, upon unequal footing, 230, 231.  
 Commerce per capita, 12, 13.  
 Commerce, protection of, 41, 42, 208.  
 Commerce, regulation of, by Congress, 66, 97, 189.  
 Commerce to be sacrificed, 1812, 164.  
 Commerce, uniform regulation of, 40, 43.  
 Commerce, West India, 72, 83, 124, 198, 293.  
 Commerce with Europe, 2, 3, 50, 82, 83.  
 Commissioner of Navigation, report, 406.  
 Committee of the House on ship encouragement, 352.  
 Committee of the Senate on ship encouragement, 351.  
 Committee on navigation act, 408.  
 Committee on repeal of discriminating duties, 174.  
 Commutation of drawback on salt, 375, 388.  
 Comparative naval strength, 29.  
 Comparative ship performance, 324, 325.  
 Compensation, none for captures of our vessels, 1812, 247.  
 Compensation, rate and amount of, 391, 392.  
 Conclusion, of Mr. Lloyd, unwarranted, 268.  
 Condition of American shipping, 47, 49, 94, 193, 198.  
 Conditions for port opening, 249, 257.  
 Conditions inflicted by Government, 266.  
 Conduct of Britain reviewed, Madison, 164, 165, 166.  
 Congressional neglect, seventy years of, 2.  
 Consequences of a false interpretation, 382.  
 Conservatism of Massachusetts, 110.  
 Constitution, article for regulation of commerce, 66.  
 Constitution, its powers are limited, 353, 354, 355.  
 Constitution, names of framers in Congress, 66.  
 Constitution, why adopted, Madison, 97.  
 Constitutional regulations suspended, 354.  
 Constitutional ship protection, 353, 354.  
 Consular convention with France, 206.  
 Consuls' exposure of Lloyds, 316, 317.  
 Consuls' exposure of rings, 332.  
 Continuance of Fishery Act, 1800, 387.  
 Continuance of reciprocity policy, 254, 256, 270.  
 Control of ocean traffic, 331-334.  
 Convention, at Annapolis, 44, 212.

- Convention committee plan of Constitution, 407, 408.  
 Convention, the Constitutional, 44, 212, 231.  
 Convention, names of commissioners, 178.  
 Convention of 1827, Art. 2, with Britain, 296.  
 Convention, reciprocity, 1815, 171, 172, 178-181, 185, 189, 190, 200, 208, 232, 235, 257.  
 Convention with France, 248.  
 Corn Exchange rules in England, 361.  
 Correction of foreign carrying trade, 405, 433.  
 Correspondence, Massachusetts and Virginia, 43.  
 Cost and extent of a subsidized marine, 389-392.  
 Cost, comparative, of running steamers, 402, 403.  
 Cost of marines of different sizes, 397, 398.  
 Cost of vessels, British and American, 67, 193, 265, 398, 399.  
 Cost of vessels increased, 261, 262.  
 Countervailing duties, 135, 139, 140, 141.  
 Coxe's reply to Lord Sheffield, 108, 109.  
 Crews, expense of, 400-402.  
 Crews, of vessels, must be three fourths citizens, 205.  
 Criticisms of the Jay Treaty, 125-131.  
 Cruisers and privateers, 78, 121, 124.  
 Culmination of our carrying trade, 2, 291.  
 Cutting, J. B., rescue of Am. seamen, 78.  
  
 Dana, of Conn., speech, 145.  
 Danger of British influence, 130.  
 Danish depredations on our commerce, 156.  
 Debate in constitutional convention, 410, 411, 412, 413.  
 Debate of fishery bill, 1792, 367-388.  
 Debate upon Madison's resolutions, 1794, 92-115.  
 Decline of our carriage before and after reciprocity, 291, 292.  
 Decline of our carrying trade, 2, 291, 292.  
 Decrees of Napoleon, 149, 155, 164.  
 Defamation of American ships, 319, 320.  
 Defects of fishery law, 1792, 372, 373.  
 Deference to British sentiment, 362.  
 Dependence on Great Britain, 1789, 36.  
 Dependency in navigation, 443.  
 Development of our domestic trade, 422.  
 Devious ways of British ship protection, 314-333.  
  
 Dexter, of Mass., speech, 107.  
 Difference between proper encouragement and bounty, 368.  
 Difference in footing no argument for subsidy, 405.  
 Difficulties of early American navigation, 260, 261.  
 Diplomacy in the subsidy bill, 419.  
 Disadvantages of full reciprocity with England, 285, 286.  
 Disadvantages of our present position, 420, 421.  
 Disadvantages of treaties, 104, 110.  
 Disappointed expectations as to colonial trade, 280.  
 Disappointment, our bitter, 430.  
 Discriminating duties in Europe, 141.  
 Discriminating duties, repeal proposed, 133-146, 148, 174-176.  
 Discriminating duties no inconvenience, 89.  
 Discriminating duties rebuilt our marine, 255.  
 Discriminating duties, revival of, 414-418.  
 Discriminating duties suspended, 1815, 179-197.  
 Discriminating duties, their success, 134.  
 Discriminating duties voted for, 416.  
 Discriminating duties, why repealed, 287.  
 Discriminating duties, abandonment suggested, 259.  
 Discriminating duties, discontinuance, 197.  
 Discriminating duty bills, 417.  
 Discriminating tariff duties, 32, 33, 37, 40, 47, 59, 62, 103, 104.  
 Discriminating tonnage duties, 27, 47, 48, 51, 61-63, 68.  
 Discrimination, British mercantile, 327.  
 Distress of our trade, 79-81.  
 Doctrine of bounties, 78.  
 Doctrine of bounties adversely settled, 367-388.  
 Doings of an Insurance Trust, 320-323.  
 Domestic trade protected, 10, 205, 206, 359, 360.  
 Drain of gold for foreign freights, 424, 426.  
 Drawback, original, of ten per cent duty, 62, 115, 126.  
 Drawbacks must not cloak bounties, 369, 370.  
 Dutch carrying trade, 260.  
 Duties and bounties not the same for protection, 384.  
 Duties, discount on, 62, 64, 126.  
 Duties, discriminating tonnage and tariff, 61, 62, 103, 104.  
 Duties, increase of tonnage, 67.  
 Duty of Post-office Department, 439.



- Early American industries, 1.  
 Earnings, net, are profits, 403.  
 East India trade, 51, 59-61, 67, 129, 293.  
 East Indies discovered by Portuguese, 302.  
 Effect of foreign ship encouragement, 343.  
 Effect of Lloyds' regulations, 311, 312.  
 Effect of our duties felt by England, 174.  
 Effect of West India non-intercourse bill, 194.  
 Effect of prorating subsidy, 396, 397.  
 Effects of act of 1818, good, 238.  
 Elkins, Senator Stephen B., of W. Va., speech, 417-429.  
 Elkins's bill introduced, 417.  
 Elkins's bill pigeon-holed, 429.  
 Elkins's peroration, 429.  
 Emasculation of the Constitution, 232.  
 Embargo recommended, 1812, 160.  
 Employment, the essential of vessel success, 10, 11, 117, 261, 272, 273.  
 Encouragement of navigation, 31, 32, 47, 48, 111, 112, 126.  
 England, how she became great, 336.  
 England presses France into reciprocity, 282.  
 England refuses to treat, 77, 101.  
 England, the mother of subsidy, 336.  
 England, will she consent to measures for an American marine? 440, 441, 442.  
 England's marine advantages enumerated, 286.  
 English navigation act, 31, 53, 54.  
 English ship, the world's carrier, 404.  
 Epes, of Va., speech, 175-177.  
 Equality and reciprocity, 236.  
 Equitable commerce illustrated, 431, 432.  
 Equitable share of carrying, 95.  
 Error of Adams's argument, 260-262.  
 European trade, but little American carriage, 2, 3, 50, 82, 83.  
 Eustes, of Mass., speech, 143.  
 Evidence of unjust discrimination, 322, 323.  
 Evils of British monopoly, 215, 216, 223, 229.  
 Evils of foreign credit, 17, 18, 107.  
 Excess of British shipping, 341, 366.  
 Exchange rules, British, discriminative, 441.  
 Exclusion of foreign vessels in domestic trade, 205, 206.  
 Expedient, the West India *entrepôt*, 220.  
 Experience of 30 years in fostering shipping, 246.  
 Experience under opposite shipping policies, 290-299.  
 Exportation of money, evils of, 15, 21, 24, 25, 39.  
 Exports to Europe "billed through," 437.  
 Extension of reciprocity, 183, 284, 235.  
 Extra tariff duties suggested, 435.  
 Extra tonnage duty suggested, 435, 437.  
 Failure of American bounty bills, 340, 416.  
 Failure of British to counteract our laws, 120.  
 Failure to obtain justice from England, 200, 201.  
 Favorable action of discriminating duties, 134.  
 Features of the fisheries bill, 375.  
 Federalist, the, on Constitutional powers, 355.  
 Figures that are fancies, not facts, 403, 404.  
 Final opening of West India ports, 273, 274, 275.  
 Findley, of Pa., speech, 17, 18, 106.  
 First section of fishery bill, 1792, 367, 368.  
 Fisheries, a nursery of seamen, 370, 373.  
 Fisheries, condition of, 1794, 111.  
 Fishermen in need of control, 371.  
 Fishery bill debate of 1792, 367-388.  
 Fishing and fishing vessels, 49, 111, 204, 254.  
 Fishing bounty bill, 1791, 77, 78.  
 Fishing subsidy of Frye bill, 395.  
 Fitzsimons, of Pa., speech, 50, 51, 59, 60, 63, 73, 99.  
 Flour shipments, how stopped, 361.  
 Folly of using rival shipping, 425.  
 Footing in fact and in law, 90, 91, 93, 117, 123, 434.  
 Footballs of Great Britain, separate States, 210, 211.  
 Foot, of Conn., speech, 242.  
 Foreign command of freights, 434.  
 Foreign countries and their trade, 1793, 82, 83.  
 Foreign interference in our affairs, 22.  
 Foreign mail lines, our support to, 349, 350.  
 Foreign ship protections, 440.  
 Foreign underwriters as birds of prey, 326, 327.  
 Foreign underwriting offices, 328.  
 Foreign unfaithfulness, 424.  
 Foreign vessels to import from their own country, 204.  
 Foreign vessels prohibited in domestic trade, 1817, 204.  
 Foreigners control our ports, 425.  
 Foreigners in our naval crews, 28.  
 Forest, of Md., speech, 98, 99.  
 Forsyth, of Ga., speech, 187, 188, 197.

- Fowler, Wm. H. C., letter of, 330, 331.  
 Framers of the Constitution on ship encouragement, 407.  
 France evades reciprocity, 281, 282.  
 Franklin, Benjamin, Swedish treaty, 234.  
 Franklin's illustration of equitable commerce, 431.  
 Free commerce, our policy, 26, 35, 85, 93, 229.  
 Free-freighting act of 1828, 420.  
 "Free port bill" and contraband trade, 224, 244.  
 Free-ship provisions of first Frye bill, 395.  
 Free ships destructive of shipbuilding, 428, 429.  
 Free trade distrusted, 136.  
 Free-trade experiment, 276.  
 Free trade, the acknowledged principle of act of 1828, 271.  
 Freight both ways, important, 176, 434.  
 Freight carriers not subjects for subsidy, 348.  
 Freight, cost of, 4, 72, 140, 333.  
 Freight rates manipulated, 333.  
 Freights made in West India trade, 225.  
 Freights that belong to American ships, 216.  
 French act of 1817, for monopoly, 238.  
 French and other postal lines, 338.  
 French bounty system, 298, 340.  
 French distrust of reciprocity, 281.  
 French Government complaint, 76, 77.  
 French Government makes terms, 242.  
 French ocean mail proposition, 344.  
 French shipping act, recent, 362.  
 French ships to pay increased duty, 238, 239, 240.  
 French ships on bounty voyages, 361.  
 French treaties of alliance and trade, 51.  
 Frye, Wm. P., of Me., senator, speech, 401, 402, 403, 404.  
 Frye, Wm. P., amendments to Wilson bill, 414, 415, 416.  
 Frye's belief in wisdom of early policy, 416.  
 Fund, special, for premiums, 437, 439.  
 Gainers by our loss of carriage, 293.  
 Gallatin, Minister to England, 251.  
 General subsidy arguments, 401, 402, 403, 404.  
 "General welfare" clause explained, 356, 357, 358.  
 Germ of national ship protection, 41.  
 German strength and British weakness, 365, 366.  
 German subsidies, Herr Ballin on, 364, 365.  
 Gerry, Elbridge, of Mass., 40, 189, 374, 375.  
 Giffen, Sir Robert, proposition of, 341.  
 Gifts of money to the marine, unlawful, 357, 358.  
 Giles, of Va., speech, 108, 109, 127, 137, 368, 369, 386, 387.  
 Gold, movement of, to Europe, 20, 21.  
 Goodhue, of Mass., speech, 60, 76, 100, 107, 370, 371, 372.  
 Gorham, of Mass., speech, 288, 413.  
 Griswold, of Conn., speech, 134, 136.  
 Gross, of N. Y., speech, 242.  
 Growth and Decline of marine, 420.  
 Growth of national sentiment, 35.  
 Grundy, Felix, of Tenn., speech for war, 167.  
 Hamilton, Alexander, on balancing trade, 16.  
 Hamilton, Alexander, on protective duties, 119.  
 Hanna-Payne bill reported, 430.  
 Hanna-Payne bill illustrated — table (15), 390.  
 Hanna-Payne bill finally rejected, 393.  
 Hardships of British policy, 229.  
 Hartley, of Pa., speech, 69, 70.  
 Head-money tax, suggested, 439.  
 Heaton, J. Henniker, quoted, 427.  
 Henry, Patrick, change of sentiment, 35.  
 Hill, Charles S., exposure of Lloyds, 317, 318.  
 Hill, Professor William, work on Tariff Policy, 32.  
 Historian, a British, quoted, 423.  
 History of intercourse with England, 226, 227, 228, 229.  
 History of trade balancing, 18, 19, 20, 21, 445.  
 Holland, how she became great, 13.  
 Hopkinson, of Pa., speech, 188, 202.  
 Hostility towards American navigation, 116, 117, 124, 158, 159.  
 Hozier, Henry M., Secretary of Lloyds, letter of, 317, 318.  
 Huger, of Va., report and speech, 388.  
 Huskisson's act of 1825, 251, 258.  
 Idea of bounty disclaimed, 379.  
 Illiberality of France, corrected, 239, 240.  
 Illustration of Lloyds protective power, 314, 315, 317.  
 Impolicy of continuing reciprocity, 298, 299.  
 Impolicy of shipping dependence, 23, 27.  
 Impolicy of Treasury aid to shipping, 359, 360.  
 Importance of having our own merchants and carriers, 5.  
 Importance of navigation, 8, 9, 13, 19, 56.

- Importance of our growth and development, 225.  
 Importance of freight both ways, 196.  
 Importance of shipbuilding power, 29, 99.  
 Imposed upon, in day of our weakness, 443.  
 Impositions of foreign countries, 348.  
 Impressment of American seamen, 79, 80, 130, 149, 161, 162, 167, 170, 171, 185, 206.  
 Inaugural of James Madison, 152.  
 Incompetency of general subsidy, 351.  
 Independence our object, 106.  
 Indirect carrying trade, 187, 258, 280, 281.  
 Individual rights forbid bounties, 368, 369.  
 Indorsement of conventions, 417, 424.  
 Indulgence money for rivals, 436.  
 Inexpediency of treaties, 101.  
 Inferiority of British shipping explained, 266, 267.  
 Influence of British underwriters, 186.  
 Influence of preference, 434.  
 Injuries and indignities received, 166, 167.  
 Insurance dependency, evils of, 326, 327.  
 Insurance discrimination as a policy, 323.  
 Insurance discriminations, punishable, 438.  
 Insurance on wheat, a boycott, 328.  
 Insurance rates for wheat cargoes, 321, 322, 323.  
 Insurance rates, lowest on Continent, 318.  
 Insurance used as ship protection, 301, 302.  
 Intercourse, equitable international, 431, 432.  
 Interest of the Union, 26, 27.  
 Interest, our military, 8, 25, 30.  
 Interest, our political, 8, 21.  
 Interest, the commercial, 8, 11.  
 Interest, the financial, 8, 15.  
 Interest, the industrial, 8, 9.  
 Investigations as to merits of ships, 306, 307.  
 Investigations by the author, 324, 325.  
 Iron shipbuilding promoted, 307-311.  
 Iron steamers, American, defamed, 319, 320.  
 Isolated States, British footholds, 211.  
 Italy, adopted bounty, 340.  
 Jackson, Andrew, President, 274.  
 Jackson, of Ga., speech, 4, 5.  
 Jackson, of Va., speech, 197, 203.  
 Jay, John, 118, 124, 212.  
 Jay treaty, 124, 125, 126, 127, 133, 139, 212, 223.  
 Jay treaty, benefit to British vessels, 126, 127, 139, 174.  
 Jay treaty, West India article, 128.  
 Jefferson and Gerry's report, 1784, 189.  
 Jefferson, answer to French Government, 77.  
 Jefferson, messages of, 132, 137, 149, 150, 151, 152.  
 Jefferson on ship protection, 119, 132.  
 Jefferson's belief in an Am. marine, 91, 119.  
 Jefferson's interest in the fisheries, 387, 388.  
 Jefferson's report on the fisheries, 102, 103.  
 Jefferson's report on traffic, 82-90.  
 Jefferson, Thos., of Va., reports, 22, 40, 41.  
 Johnson, of La., speech, 249, 252, 270.  
 Jones, of Cardiff, American consul, 318, 319.  
 Jones, our consul, candidate for Parliament, 319.  
 Jones, of Pa., speech, 144, 145.  
 Justice denied American ships, 238, 304, 305.  
 Justification for drastic measures, 326, 327.  
 Keys of every military station, British, 223.  
 King and Council, 227, 257.  
 King, Cyrus, of Mass., speech, 188-195, 232.  
 King, John II., of Portugal, 302.  
 King, Rufus, of N. Y., speech, 56, 222, 245.  
 King, Rufus, Minister to England, 251.  
 King, Thos. Butler, of Ga., mail subsidy bill, 242, 345.  
 Lament of the *London Times*, 270.  
 Lawrence, of N. Y., speech, 380.  
 Laws, navigation, 65, 66, 108, 109.  
 Light dues suggested, 437, 438.  
 Light Money Act of 1804, 146, 147, 148, 177.  
 Light money charges, British, 147.  
 Light money, none now in United States, 147, 148.  
 Limitation of French bounty payments, 362.  
 Limitations of Congressional power, 382, 383, 386.  
 Lindsay's history of shipping, 282.  
 Livermore, of N. H., speech, 379, 380.  
 Liverpool Corn Exchange, boycott, 329, 330.  
 Lloyd, of Mass., speech, 262, 263-269.  
 Lloyd's forecast of effects of bill, 1826, 268, 269.  
 Lloyd's sophistry confuted, 263, 264, 265, 266, 267, 268.  
 Lloyds agent, interference of, 319, 320.

- Lloyds discriminative loading rules, 441.  
 Lloyds impositions well known, 310, 317.  
 Lloyds offer to suggest Am. consuls, 317, 318.  
 Lloyds register, as a shipping protection, 301-312.  
 Lloyds rules hard on foreign ships, 303.  
 Lloyds subtle rule of 1870, 310, 311.  
 Lloyds warfare on American wooden ships, 306, 307, 308, 309, 310, 311.  
 Lord Bacon's principle of protection, 261.  
 Lord Brougham's advice, 186, 196.  
 Lord Liverpool's report, 123, 124.  
 Lord Robert Cecil quoted, 419.  
 Lord Sheffield and policy, 108, 109, 119, 230.  
 Losses in our vessels captured, 247.  
 Losses of British metal ships, 303.  
 Losses of our carriage annually, 294.  
 Lowndes, of S. C., speech, 143, 187, 188, 202.  
 Macgregor, John, British ex-official, 117-123.  
 Macon, of Ga., speech, 232.  
 Madison, as a champion of shipping, 26, 27, 32, 136.  
 Madison, of Va., speech, 25, 26, 36, 43, 52, 53, 59, 71, 72, 93, 94, 95, 96, 97, 102, 103, 113, 380, 381, 382, 383, 384.  
 Madison, messages of, 152, 153, 154, 155, 157, 159, 160, 161, 168, 170, 185, 186.  
 Madison on "general welfare" clause, 357, 358.  
 Madison on power to regulate commerce, 411, 412.  
 Madison on the Jay treaty, 125, 126.  
 Madison's charitable view of British policy, 116.  
 Madison's farewell word upon shipping, 185.  
 Madison's leadership acknowledged, 213.  
 Madison's rule of construction, 354, 355.  
 Mail and naval steamers recommended, 344, 345, 350.  
 Mail and passenger measures, 439, 440.  
 Mail service, by sea, 242, 335, 336, 337, 338, 344, 345, 350.  
 Mail subsidy acts, list of, 346, 347.  
 Marine underwriters, foreign, 438.  
 Maritime pursuits, benefits of, 8, 56.  
 Maritime reciprocity in theory and practice, 277.  
 Marketing of our productions, 22.  
 Mason, of Va., speech, 410.  
 McKinley, Wm., of Ohio, indorsed discriminating duties, 418.  
 McKinley, candidate, pledge for discriminating duties, 298.  
 McKinley, President, last words on shipping, 352.  
 McKinley's views of "proper means," 352, 353.  
 McLane, Louis, of Del., Minister to England, 274.  
 McLean, of Ky., speech, 242.  
 Meaning of "common defence and general welfare," 382.  
 Means of independence, 89.  
 Measure, the compulsory reciprocity, 176.  
 Measures, efficient, must be radical, 222.  
 Measures requisite for export employment, 436.  
 Measures requisite for import employment, 435, 436.  
 Memorials and remonstrances, 244, 245, 246.  
 Mercantile interest, British, wide-awake, 337.  
 Meredith's love of "mother country," 276.  
 Messages of early Presidents, 76, 77, 132, 168.  
 Metal ship classification, 303.  
 Migration and navigation, 408, 409.  
 Minister Pitt's bill and policy, 117, 119, 132, 227.  
 Mitchell, of N. Y., speech, 143, 145.  
 Mode of calculating drawback, 371, 379.  
 Modes of commercial exchange, 431, 432.  
 Modes of intercourse unsatisfactory, 432, 433.  
 Modes of obviating disadvantages, 141.  
 Modification of Smith resolution, 142.  
 Money paid foreigners for freights, 424, 426.  
 Monopoly of navigation opposed by the nations, 222, 223.  
 Monopoly, of shipbuilding deprecated, 6.  
 Monroe, James, of Va., report to Congress, 1785, 189.  
 Monroe's account of reciprocity, 279-281.  
 Monroe's messages to Congress, 208, 235, 242, 243, 244, 248, 252, 254, 279-285.  
 Montesque, Baron, French statesman, 277.  
 Morey, American consul, letter of, 316.  
 Morgan and the Leyland Line, 406.  
 Morganizing North Atlantic traffic, 333, 334.  
 Morris, Gouverneur, of Pa., speech, 408, 410.  
 Movements, recent shipping, 414.  
 Murray, of Md., speech, 370.  
 National character at stake, 201.  
 National need of shipping of our own, 1, 7, 56.  
 National objects of a shipping policy, 9.  
 Nations, foreign, in our trade, 49.  
 Nations, having least shipping, 12.

- Nations, the great shipping, 12.  
 Natural exchange of commodities, 199, 200.  
 Nature of insurance power, 301, 302.  
 Naval aggression, 158, 159.  
 Naval force on the lakes agreed to, 173.  
 Naval power essential to independence, 225, 226, 245.  
 Naval strength for national defence, 27, 28.  
 Naval subvention, British, 338.  
 Naval victories due to sailors, 237.  
 Navigation act, British, 31, 53, 54, 97, 98, 106, 119, 196, 223, 224, 260.  
 Navigation act necessary, 118, 119, 410, 411, 412, 413.  
 Navigation acts favored, 245, 246.  
 Navigation, appreciation of, 1, 13, 56.  
 Navigation bill, act of 1817, 185, 187, 188, 203, 204, 205.  
 Navigation depressed, 186, 198.  
 Navigation laws, as originated, 65, 66, 108, 109.  
 Navigation laws, a controlling power, 290, 291, 292.  
 Navigation laws, British and American, contrasted, 108, 109.  
 Navigation laws, object of, 66, 99.  
 Navigation, our, in 1793, 82.  
 Navigation superior to commerce, 86, 202, 237.  
 Navigation, why put to hazard, 287.  
 Navy, the best defense, 245.  
 Necessity of counteracting freight speculation, 438.  
 Neutrality no protection, 156, 164, 165, 246, 247.  
 Neutrality not a factor in our shipping growth, 263, 264, 265.  
 Neutral rights disregarded, 150, 164, 165, 246, 247, 264.  
 Newton, Thomas, of Va., speech, 239, 242.  
 Nicaragua treaty, annulment, 442.  
 Nicholas, of Va., speech, 17, 99.  
 Nimmo's report on reciprocity, 339, 340.  
 No Madison or Monroe, 313, 340.  
 No naval power without protected shipping, 214.  
 Non-intercourse act of 1818, 209, 210.  
 Non-intercourse act, repeal of, 154.  
 Non-intercourse act, reenacted, 155.  
 Non-importation act to be retaliated, 158.  
 Non-intercourse bill (act of 1820), 185, 187, 188, 189, 203, 208.  
 Non-protection of carrying, 170, 173, 177, 178, 208, 278.  
 Non-protection of shipping professed, 300.  
 North American Provinces, 122.  
 North Atlantic Conference, 331.  
 Norway, proposition for reciprocity, 257, 431.  
 Nova Scotia and New Brunswick, friction, 191, 192.  
 Now or never to exact our rights, 221, 222.  
 Number of English colonies and troops, 223.  
 Object of navigation laws, 260, 261.  
 Object of non-intercourse act of 1818, 210, 211.  
 Objections answered by Madison, 118, 114.  
 Objections to trade regulations, 421.  
 Objects of act of 1817, 205, 206.  
 Objects of a wise shipping policy, 9.  
 Objects of Convention of 1815, 195, 196.  
 Objects of tariff and tonnage duties, 35.  
 Occupation, bounty on, 368, 374.  
 Ocean post, an American idea, 343.  
 Ocean post and subsidies, 335-338.  
 Ocean Steamship Co., of N. Y., 242, 343.  
 Ocean traffic, how controlled, 331, 332, 333, 334.  
 Odium of British navigation laws, 119.  
 Olive branch for England, 257, 258, 266, 272, 273, 274.  
 On limiting the power of Congress, 382, 383, 386.  
 Opening of British ports, 210-232.  
 Open trade with British West Indies, 251, 270, 275.  
 Opinion of the House opposed to bounties, 383, 384.  
 Opposition to Pinckney's proposition, 410.  
 Opposition to repeal of discriminating duties, 175.  
 Opposition to regulations of commerce, 358, 359.  
 Orders in Council, 118, 149, 156, 162, 164, 165, 169, 251.  
 Organized rail traffic, 334.  
 Origination of decline in carriage, 290, 295.  
 Origination of the Constitution, 44, 45, 212, 231.  
 Origin and purpose of Lloyds register 302.  
 Origin of insurance discrimination — Pacific coast, 330.  
 Origin of our navigation laws, 31, 41.  
 Origin of our subsidy system, 343.  
 Origin of our trans-Atlantic sailing packets, 240, 241.  
 Our bitter disappointment, 429.  
 Our early shipping legislation, 31, 126.  
 Our experience in competition, 405.  
 Our experience with reciprocity, 291, 292, 293, 294.

- Our mistake of seventy years, 428.  
 Our shipping remissness, 313.  
 Our shipowners alarmed, 265.  
 Our shipping back broken, 312.  
 Our shipping policy false, 443.  
 Our vessels, the victims of violence, 166, 167.  
 Outlook for increasing transportation, 405.  
 Outrages from paper blockades, 163, 164.  
 Overbearing course of England, 116, 117, 124, 164, 200.  
 Packet ships not sure of cargoes, 236.  
 Page, of Va., speech, 63, 385, 386.  
 Panic, of gold exportation, 15, 21, 24, 25.  
 Paradoxical argument, 396.  
 Parliamentary committee considering ship protections of foreign nations, 340, 341.  
 Partiality of the first Frye bill, 395.  
 Passage of fisheries bill, 1792, 386, 387.  
 Passage of non-intercourse bill, 231, 232.  
 Passage of reciprocity act, 176.  
 Patriotism of the British, 319.  
 Payment of commerce balances, 20.  
 Peace, a state of, towards England, 167.  
 Peace, British plan for, 172, 173.  
 Peace commissioners, names of our, 170.  
 Penalties of revenue laws, 210.  
 Periods of carriage decline, 290, 291.  
 Peroration, Senator Elkins's, 429.  
 Perseverance in our shipping policy, 132.  
 Persistent policy favored, 245, 246.  
 Perversity of British policy, 199, 200, 208.  
 Petition for increase of tonnage duty, 3.  
 Petition, of Portsmouth, N. H., favoring navigation laws, 246.  
 Pettifogging Mr. Adams's case, 263.  
 Philosophy, false economic, 3.  
 Pinckney, Charles, of S. C., plan of Constitution, 407, 408, 409.  
 Pinckney's two-thirds proposition, 408, 409, 410, 411, 412, 413.  
 Pinckney's proposition defeated, 413.  
 Pioneer in Australian trade knighted, 332.  
 Pioneering in ocean steam navigation, 241, 242.  
 Pitkin, of Conn., speech, 188, 233.  
 Pitt, William, British Minister's bill, 116, 117, 172, 227, 228.  
 Plan to ruin American shipping, 320-323.  
 Point of permanent carriage decline, 294.  
 Points of Senator Lloyd's speech, 262, 263, 266.  
 Policy and measures for shipping restoration, 431-443.  
 Policy, British chartering, 441.  
 Policy, British insurance, 441.  
 Policy, British mail subsidy, 441.  
 Policy, British, resisted, 208-232.  
 Policy, British subvention, 441.  
 Policy, Congress should not mince its, 360.  
 Policy, evils following our change of, 434, 435.  
 Policy in respect to shipping, 1, 2, 7, 9.  
 Policy of England extremely selfish, 201, 208, 210, 211, 248.  
 Policy of free carrying, 432, 433.  
 Policy of Lloyds to decry American ships, 305, 306, 307, 330.  
 Policy of peace treaty, 1783, 228, 229.  
 Polk, James K., President, ocean postal service, 346.  
 Political parties neglect shipping, 425.  
 Portsmouth, its loss of shipbuilding and tonnage, 272.  
 Portugal once the leader in shipbuilding, 302.  
 Position of United States at sea, 418.  
 Postal act of 1891, should be continued, 439.  
 Postal expenditure limited, 394.  
 Powder and other tonnage duties, 33, 34.  
 Power, none whatever for general subsidies, 356.  
 Power of a just policy continued, 210.  
 Power of Congress to regulate commerce, 354.  
 Power of Lloyds exemplified, 308-311, 314, 315.  
 Power of money invoked, 359.  
 Power to protect shipbuilding, 355.  
 Prediction of the loss of our carrying trade, 288.  
 Preference, as a protective principle, 27.  
 Preference, a vital advantage, 410, 433, 434, 443.  
 Premiums to shippers suggested, 437, 438, 439.  
 Present British ship protection, 441.  
 Present postal subsidy act, 347.  
 President and Little Belt, British naval assault, 158.  
 President's message, convention renewed, 1819, 235.  
 Press, the public, used in foreign interest, 23.  
 Price of labor, higher in America, 245.  
 Primitive rule in commerce, 436.  
 Principle of American navigation law, 31, 433.  
 Principle of British navigation law, 31, 433, 441.  
 Principle of fishery bill, 1792, 368.  
 Principle of reciprocal benefits, 223, 229.

- Principles of our first treaty of commerce, 234.  
 Principles of reciprocity, Jefferson, 88, 115.  
 Principles of ship encouragement, 100.  
 Privateers manned by fishermen, 373.  
 Problem of shipping restoration, 351.  
 Proceedings on Smith resolution, 138-145.  
 Proclamation in favor of French ships, 243.  
 Proclamation, opening our ports, 1822, 248, 249, 252.  
 Proclamation, opening our ports, 1830, 275.  
 Productions, that may be carried to Europe, 1793, 83.  
 Progress of ocean postal service, 346.  
 Promise of President Washington redeemed, 352.  
 Promotion of American navigation, 27, 31, 47, 48, 205, 206.  
 Promotion of freedom for slaves, 377.  
 Proper amendment fishery bill indicated, 384.  
 Proper means of ship encouragement, 351, 352.  
 Proper plan of fishing encouragement, 378.  
 Proportionate arrivals of tonnage, 294.  
 Proportionate carriage in foreign trade, 204, 201, 202, 364.  
 Proportionate division of nine million dollars, 397.  
 Prorating under "Frye" bill, 396, 397.  
 Proration of the subsidy, 389, 394.  
 Protected shipping and naval power, 214, 245.  
 Protection of navigation, 208, 209, 259, 261.  
 Protection, ship, 67, 87, 208.  
 Protection to American commerce, 79, 185.  
 Protection to French shipping, 282.  
 Protectionist, Henry Clay, 432.  
 "Protections," "restrictions," "shank-les," their utility, 273.  
 Protective expedients, British, 441, 442.  
 Protest against non-protection, 339.  
 Provisions of second Frye bill, 394, 395.  
 Provisions of the reciprocity bill of 1824, 256.  
 Public money and private enterprise, 359.  
 Public ships to carry mails, 439.  
 Purchasing American vessels, 315.  
 Purposes of the war of 1812, 169.  
 Qualities of ships as tested, 324, 325.  
 Question of merit in reciprocity, 284, 285.  
 Question of results with Monroe, 285.  
 Question of supplies for British N. A., 220.  
 Question of West India supplies, 219, 220.  
 Railroads and steamships, 334.  
 Raleigh, observation of Sir Walter, 6.  
 Randolph, E., of Va., speech, 412.  
 Randolph, John, of Va., speech, 148, 197, 202.  
 Reason for subsidy, 359.  
 Reasons for certain regulations, 435, 436.  
 Reasons for encouragement, 421, 422.  
 Rebate on salt duty, 371, 372, 373.  
 Recent subsidy bills unconstitutional, 348.  
 Recession of administration, 429.  
 Reciprocity act, how received, 265.  
 Reciprocity act of 1815, 173, 174.  
 Reciprocity act of 1815, renewed, 1824, 253.  
 Reciprocity act of 1815, repealed, 1819, 254.  
 Reciprocity, advantage to Norway, 284.  
 Reciprocity agreements, particulars of, 291, 292.  
 Reciprocity a plausible fraud, 301, 314.  
 Reciprocity as a rule of conduct, 214.  
 Reciprocity bill of 1826, 202-269.  
 Reciprocity bill, third, final passage, 270, 271, 272.  
 Reciprocity, British advantage in, 278.  
 Reciprocity, colonial, promised, 280.  
 Reciprocity convention term extended, 254.  
 Reciprocity desired in West India trade, 249.  
 Reciprocity, extension of, 183, 234.  
 Reciprocity, French distrust of, 281.  
 Reciprocity, full, original suggestion of Norway, 283.  
 Reciprocity in direct trade only, 279, 280, 281.  
 Reciprocity in general, 277.  
 Reciprocity in theory and practice, 277-288.  
 Reciprocity, its merit questioned, 284, 285.  
 Reciprocity, Madison's scheme, 74, 115.  
 Reciprocity measure, the last, 274, 275.  
 Reciprocity, not a system, 278.  
 Reciprocity, our third act proposed, 258-270.  
 Reciprocity policy ruinous, 418, 420.  
 Reciprocity, principles of, 88, 115.  
 Reciprocity repudiated, 300.  
 Reciprocity ruinous to our shipping, 287, 288, 291, 292.  
 Reciprocity, rule of, 186, 187.  
 Reciprocity, second, third, and last acts, 254-276.  
 Reciprocity, the application of, 90, 119.

- Reciprocity treaties, first English, 121.  
 Reciprocity wanted by England, 170, 171, 172, 190.  
 Reciprocity worn out, 298.  
 Record, the American Register, 312.  
 Reed, of Mass., speech, 287, 288.  
 Refusal to treat, by British, 236.  
 Registry act, 64, 65.  
 Regulation of commerce recommended, 407.  
 Regulations for marine insurance, 327.  
 Regulations of commerce, 7, 11, 18, 43.  
 Regulations of commerce, foreign, 50.  
 Relation of marine to the navy, 236, 237.  
 Remedies for restrictions, 84.  
 "Remnant of restriction," 259, 268.  
 Remonstrances of boards of trade, 238.  
 Removal of protection ruinous, 398.  
 Repeal of acts of 1818, 1820, and 1823, 275.  
 Repeal of discriminating duties, 133, 148, 174, 175, 176.  
 Repeal of reciprocity act of 1815, 254.  
 Repeal of tonnage duties, 287, 288.  
 Report of Committee on Commerce, 139-142.  
 Report of Rufus King, 245.  
 Report on the Fisheries, Jefferson, 14, 336.  
 Republican platform plank of 1896, 352.  
 Reservation, the sea as a, 10.  
 Resolution, for repeal of discrim. duties, 133-138, 142.  
 Resolutions concerning navigation and trade, 73, 74, 76, 94, 95.  
 Resolutions for increase of duty, 3, 94, 95.  
 Respectability of Lloyd agents, 317, 318.  
 Result of reciprocity policy, 432, 433.  
 Results of discriminative insurance, 306, 307.  
 Results of opposite policies, 420.  
 Retaliation in advance, British, 442.  
 Retaliation, no danger of, 101.  
 Retaliation, possible, 71, 114.  
 Return freights essential to prosperity, 176.  
 Revenue duties of different States, 36, 37, 38.  
 Reversal of early policy, 7.  
 Review of British wrongs, 161.  
 Review of the shipping situation, 193, 194.  
 Revision of Federal System, 42, 43, 212.  
 Revival of first reciprocity act, 255.  
 Revolution, changes in trade by, 16, 17.  
 Rights of nations opposed to monopoly of navigation, 222.  
 Rights of our flag at sea, 433.  
 Rights, our inherent shipping, 11, 224.  
 Rights, ours to be exacted, 221, 222.  
 Rights versus privileges, 436.  
 Rigor of Colonial system, 211, 213.  
 Rigor of Lloyds rules, 304, 305.  
 Rings and combinations, British, 442.  
 Rings and combines, 331, 332, 333.  
 Rival's craft, 300, 301.  
 Rivals, the British hardest, 295.  
 Robertson, of La., speech, 202.  
 Ruin of Marine, cause of, 7.  
 Rush, Minister to England, 251.  
 Rutledge, of S. C., speech, 412.  
 Sacrifice of the American ship, 272, 287.  
 Sacrifices of agriculturists, 218, 219.  
 Sailors and naval victories, 237.  
 Sailors depend on navigation, 237.  
 Sailors, protection of, 215.  
 Sanford, of N. Y., senator, steamship bill, 242.  
 Savannah, the first ocean steamer, 241.  
 Scheme without an estimate, 389, 390, 391, 392.  
 Scope of our carrying trade, 1789, 50.  
 Sea, command of the, 6.  
 Seamen essential to naval power, 226.  
 Seamen, impressment of, 79, 80, 130, 206.  
 Seamen, protection of, 78, 129, 185, 205, 206, 215.  
 Seamen, rescued by J. B. Cutting, 78.  
 Sea-power, balancing of, 6.  
 Sectional nature of bounties, 376.  
 Sections of the Wilson tariff, 415, 416.  
 Sedgwick, of Mass., speech, 71.  
 Seemingly impressive statements, 403, 404.  
 Seizures of Am. vessels, 78, 79, 80, 121.  
 Sentiment of conventions, 418.  
 Sentiment of the American people, 443.  
 Sequel of Jefferson's report, 92.  
 Service period of ships, 398, 399.  
 Sewall & Co., shipbuilders and owners, 398, 399.  
 Seybert, of Pa., speech, 175.  
 Sheffield, Chalmers, and Knox, 230.  
 Sheffy, of Va., speech, 197.  
 Shelburn's policy, 227.  
 Sherman, of Conn., speech, 3, 75, 410.  
 Shipbuilding, 4, 5, 6, 30, 67, 87.  
 Shipbuilding as a key to naval power, 29, 30.  
 Shipbuilding, power to protect it, 355.  
 Shipbuilding, timber for, 68.  
 Ship-inspection, unfair, 315.  
 Shipowners of London and Liverpool, 440.  
 Ship performance, comparative, 324, 325.  
 Shipping acts of Confederate period, 34, 35, 36, 37, 38.  
 Shipping agreements, national, 442, 443.  
 Shipping conferences and agreements, 331.



Shipping dependence, 13, 14, 21, 22.  
 Shipping distressed by repeal of protection, 287.  
 Shipping experiences under opposite policies, 290-299.  
 Shipping Federation, British, 333.  
 Shipping of our own, national need of, 1, 11, 27, 56.  
 Shipping policy — new and old, 2.  
 Shipping required, 12.  
 Shipping we pay for but do not own, 350.  
 Ship plates, American, condemned, 316.  
 Ship protection, constitutional, 353, 354.  
 Ship protection, British, 300-312, 441, 442.  
 Ship protection of foreign countries, 421.  
 Ship protection, our early, 261.  
 Ships, superior American, 400, 401.  
 Ships without sailors built for enemies, 237.  
 Shipwrights and seamen idle, 193.  
 Silsbee, of Mass., speech, 251.  
 Significance of British, Lloyds letter, 318.  
 Size and cost of a subsidized marine, 389-392.  
 Size of Marine under "Frye" bill, 396.  
 Slackness of our Government, 1, 296.  
 Smith, Adam, quoted, 423.  
 Smith, Adam, contrasted with Smith, Samuel, 253, 254, 255.  
 Smith, of Md., drawback proposition, 62.  
 Smith, of Md., speech, 103, 104, 105, 133, 143, 195, 203, 255.  
 Smith, of Md., favors British terms, 252, 253, 254, 255, 269.  
 Smith, of S. C., speech, 67, 69, 96.  
 Smith's reasons for repeal, 134, 139-142, 174, 175, 255.  
 Smith, of Md., repeal of discrim. duties, 133-146, 174-176, 188, 195, 202, 255, 256.  
 Society of Lloyds Register Association, 301-312.  
 Sophistries of subsidy, 398.  
 Southard, of N. J., speech, 143.  
 Southern interest in a marine, 102.  
 Spaight, of Va., speech, 410.  
 Spanish and American steamers compared, 402, 403.  
 Speaker's address to President, 1790, 67, 76.  
 Special fund, constitutional, 439.  
 Special incompetency of subsidy, 360, 361, 362, 363, 364, 365.

## SPEECHES AND EXTRACTS.

Speech, by Mr. Ames, 88, 103, 111, 112, 113, 372, 373, 374.  
 Speech, by Mr. Bacon, 144.  
 Speech, by Mr. Barbour, 210-222, 236.

Speech, by Mr. Boudinot, 61, 110.  
 Speech, by Mr. Bourne, 385.  
 Speech, by Mr. Bradbury, 197, 198.  
 Speech, by Mr. Butler, 410.  
 Speech, by Mr. Cady, 197.  
 Speech, by Mr. Calhoun, 188.  
 Speech, by Mr. Clark, 101, 102.  
 Speech, by Mr. Clay, 183, 195, 196, 198, 199, 431.  
 Speech, by Mr. Clymer, 410.  
 Speech, by Mr. Dana, 145.  
 Speech, by Mr. Dexter, 107.  
 Speech, by Senator Elkins, 417-429.  
 Speech, by Mr. Eppes, 175, 176, 177.  
 Speech, by Mr. Eustes, 143.  
 Speech, by Mr. Findley, of Pa., 17, 18, 106.  
 Speech, by Mr. Fitzsimons, 50, 51, 59, 60, 68, 73, 99.  
 Speech, by Mr. Foot, 242.  
 Speech, by Mr. Forest, 98, 99.  
 Speech, by Mr. Forsyth, 187, 188, 197.  
 Speech, by Senator Frye, 401, 402, 403, 404, 415, 416, 417.  
 Speech, by Mr. Gerry, 374.  
 Speech, by Mr. Giles, 108, 109, 127, 137, 363, 369, 386, 387.  
 Speech, by Mr. Goodhue, 60, 76, 100, 107, 370, 371, 372.  
 Speech, by Mr. Gorham, 288, 413.  
 Speech by Mr. Griswold, 134, 136.  
 Speech, by Mr. Gross, 242.  
 Speech, by Felix Grundy for war, 167, 168.  
 Speech, by Mr. Hartley, 69, 70.  
 Speech, by Mr. Hopkinson, 188, 202.  
 Speech, by Mr. Jackson, of Ga., 4.  
 Speech, by Mr. Jackson, of Va., 197, 203.  
 Speech, by Mr. Johnson, 249, 252, 270.  
 Speech, by Mr. Jones, 144, 145.  
 Speech, by Mr. Cyrus King, 188-195.  
 Speech, by Rufus King, 56, 222, 245.  
 Speech, by Mr. Lawrence, 380.  
 Speech, by Mr. Livermore, 379, 380.  
 Speech, by Mr. Lloyd, 262, 263, 269.  
 Speech, by Mr. Lowndes, 143, 187, 188, 202.  
 Speech, by Mr. Macon, 232.  
 Speech, by Mr. Madison, 25, 26, 36, 43, 52, 53, 59, 71, 72, 93, 95, 96, 97, 102, 103, 113, 380, 381, 382, 383, 384, 411, 412.  
 Speech, by Mr. Mason, 410.  
 Speech, by Mr. McLean, 242.  
 Speech, by Mr. Mitchell, 143, 145.  
 Speech, by Mr. Morris, 408, 410.  
 Speech, by Mr. Murray, 370.  
 Speech, by Mr. Newton, 239, 242.  
 Speech, by Mr. Nicholas, 13, 17, 99, 103, 127.  
 Speech, by Mr. Page, 68, 385, 386.  
 Speech, by Charles Pinckney, 409, 410.

- Speech, by Mr. Pitkin, 188, 233.  
 Speech by Mr. Randolph, E., 412.  
 Speech, by Mr. Randolph, John, 148, 197, 202.  
 Speech, by Mr. Reed, 287, 288.  
 Speech, by Mr. Robertson, 202.  
 Speech, by Mr. Rutledge, 412.  
 Speech, by Mr. Sedgwick, 71.  
 Speech, by Mr. Seybert, 175.  
 Speech, by Mr. Sheffy, 197.  
 Speech, by Mr. Sherman, 3, 75, 410.  
 Speech, by Mr. Silsbee, 251.  
 Speech, by Mr. Smith, of Md., 103, 104, 105, 185, 143, 174, 175, 188, 242, 255.  
 Speech, by Mr. Smith, of S. C., 67, 69, 96.  
 Speech, by Mr. Southard, 143.  
 Speech, by Mr. Spaight, 410.  
 Speech, by Mr. Street, 242.  
 Speech, by Mr. Tracy, 109, 110.  
 Speech, by Mr. Tucker, 25, 26.  
 Speech, by Mr. Wendover, 188.  
 Speech, by Mr. White, 372.  
 Speech, by Mr. Wilde, 198.  
 Speech, by Mr. Williamson, 3, 68, 73, 79, 375, 379.  
 Speech, by Mr. Wilson, 411.  
 Speech, by Mr. Woodbury, 270, 271, 272.  
 Spring of our maritime strength, 217.  
 State enactments in aid of shipping, 37, 38.  
 State insurance, 302.  
 State regulations of commerce, 47, 48.  
 Statesmanship needed, 30.  
 Statement of Senator Frye, 401-403.  
 States voting for war of 1812, 168.  
 Statistics of West India trade (Seybert), 217.  
 Steamers subsidized, 241.  
 Stipulation of conventions of 1815, 200.  
 Street, of N. J., speech, 242.  
 Stock subsidy arguments, 401, 402, 413, 404.  
 Story of the Constitution, 46, 94, 231.  
 Subservience to British power, 299.  
 Subsidies and bounties lack in efficiency, 433, 437.  
 Subsidies and bounties protective, 335, 336, 337.  
 Subsidies and free ships considered, 426, 427.  
 Subsidies in Germany and England, 364, 365.  
 Subsidies of European nations, 342, 343.  
 Subsidy and postal receipts, 338.  
 Subsidy bill, our first, 242.  
 Subsidy, British experience with, 336, 337, 338.  
 Subsidy principle unpopular, 398.  
 Substitutes for navigation laws, 442, 443.  
 Superiority of American shipping explained, 266, 267.  
 Supplementary act of 1820, 236.  
 Supplies for British colonies and islands, 219, 220.  
 Survey of wooden ships, 310, 311.  
 Suspension of duties provided for, 256.  
 Sweden and Norway favored, 297.  
 System of ship encouragement, 440.  
 Table (5), British arrivals, 126.  
 Table (6), foreign and American tonnage, 183.  
 Table 8, showing carriage decline, 291, 292.  
 Tables turned on us, 296.  
 Tariff of 1823, 261, 262.  
 Tariff policy of the different States, 37, 88.  
 Temporizing policy hurtful, 393.  
 Termination of British convention, 221.  
 Testimony as to British antagonism, 117-123.  
 Test of merits of "Frye" bill, 397.  
 Text of Madison's resolutions, 94, 95.  
 Text of the reciprocity act of 1828, 271.  
 Theoretical advantages of free trade, 135.  
 Theory of reciprocity, non-protection, 335, 336.  
 Threadbare story of cheap foreign ships, 406.  
 Time of reciprocity convention extended, 235.  
 Tonnage admeasurement rules, 65.  
 Tonnage and comparative carriage before and after reciprocity, 291, 292.  
 Tonnage and proportionate carriage, 264.  
 Tonnage duties, discriminating, 61, 62, 63, 68.  
 Tonnage duties increased on French ships, 238.  
 Tonnage duties, repeal of, 289.  
 Tonnage-duty bill, passage of, 63.  
 Tonnage duty, repeal of, 287, 288.  
 Tonnage employed, foreign, 264.  
 Tonnage in West India trade, 215.  
 Tonnage of different States, table (3), 49.  
 Tonnage of United States, 48.  
 Tonnage "sold foreign," 315.  
 Tonnage table, what it proves, 183, 184.  
 Tonnage, taxes of different States, 47, 48.  
 Tonnage tax paid us by different nations, 364.  
 Tonnage tax paid us by French and Italian vessels, 363.  
 Tool made of a minister, 154, 166.  
 Torch of discord, the Jay treaty, 131.  
 Tracy, of Conn., speech, 109, 110.

- Trade, a part of commerce, 18, 19, 20.  
 Trade custom, British discriminative, 441.  
 Trans-Atlantic lines broken up, 347.  
 Trans-Atlantic sailing packets, 240.  
 Transportation, a part of commerce, 18, 19, 20.  
 Treasury aid to foreign lines, 349, 350.  
 Treasury funds not available for bounties, 356.  
 Treaties and conventions, our, date and term, 291, 292.  
 Treaties, commercial, how terminated, 422, 423.  
 Treaties, commercial, of no value, 100, 101, 104, 110, 185.  
 Treaties "immensely harmful," 416.  
 Treaties "standing in the way," 291, 292, 298.  
 Treaties that were abrogated, 299.  
 Treaty, by Monroe and Pinckney, 172.  
 Treaty hindrance, 442, 443.  
 Treaty of Ghent, on British terms, 281.  
 Treaty of Ghent understanding, 265.  
 Treaty of Peace, 1783, 73.  
 Treaty of peace, 1814-15, 170, 171, 172, 185, 226.  
 Treaty with Sweden needs abrogating, 297.  
 Triangular trade, 225.  
 Trick, a bold diplomatic, 154.  
 Trickery of the hostile Government, 163, 166.  
 Tricks of the Plaster trade, 191, 192.  
 Truckling to British power, 262.  
 True conception of the Constitution, 381, 382, 388.  
 True course of shipowning exemplified, 398, 399.  
 True shipping policy, 415-430.  
 Tucker, of S. C., speech of, 25.  
 Turn-out of cargoes, 325.  
 Tyler, John, President, message of, 344.  
 Unanimity of sentiment on regulating trade, 407.  
 Unconstitutionality of subsidy for freighting vessels, 356.  
 Under a false policy, 443.  
 Underwriting discriminations corrected, 438.  
 Underwriting power, our lost, 6, 323.  
 Unequal footing-in-fact, 434.  
 United States as a naval power, 214.  
 Uses and abuses of subsidy, 348.  
 Value of commerce, navigation, and shipbuilding, 9.  
 Value of navigation, 86, 237.  
 Value of our early marine, 193.  
 Veritas, or French Lloyds Register, 312.  
 Vessels, our, in European trade, 2, 3.  
 Vessels, our, seized and detained, 246, 247.  
 Vessels rotting at the docks, 193, 198.  
 View, a retrospective, 276.  
 View of Madison, 1794, 248.  
 Views of Thos. H. Benton, 92, 93.  
 Violation of our coasts, 162.  
 Violation of our nautical rights, 151, 246, 247.  
 Vote on non-intercourse bill, 203, 231, 232.  
 Vote on Pinckney's proposition, 413.  
 Vote on supplementary act of 1820, 236.  
 Vote of the nation for discriminating duties, 417.  
 Vote on the non-intercourse bill, 232, 233.  
 Votes for war of 1812, 163.  
 Wages of seamen, comparative, 266, 400, 401, 402.  
 War, a state of, on the part of British, 167.  
 War, effects of, on freight and insurance, 14, 134.  
 War of 1812, British provocations, 121.  
 War of 1812, President's Message, 161-167.  
 War of 1812, declaration of, 167, 168.  
 War of 1812, purposes of, 169.  
 War with Barbary States, 132.  
 War with England, 1812, 149-169.  
 War with France, 132.  
 Warfare on American shipping, 149.  
 Washington advised ship encouragement, 67, 351.  
 Washington, Messages of, 67, 76, 77.  
 Washington on objects of the Union, 407.  
 Weakness at Washington, 405.  
 Webb, Wm. H., shipbuilder and owner, 400.  
 Webster, Daniel, Sec'y of State, ocean postal service, 344.  
 Webster, on objects of the Constitution, 5.  
 Wendover, of N. Y., speech, 188.  
 West India ports finally opened, 278, 274, 275.  
 West India trade, 50, 51, 110, 111, 118, 124, 123, 194, 196, 198, 198, 224.  
 West Indies, opening of ports, 182, 183, 257.  
 Whale fisheries nearly at an end, 385.  
 Wheat Tariff Association, 320-323.  
 White, of Va., speech, 372.  
 Why Government must encourage navigation, 30, 245.  
 Why navigation was put to hazard, 287.  
 Wickliffe, Postmaster-General, ocean postal service, 344.

- Wilde, of Ga., speech, 196.  
 Williamson, of N. C., speech, 3, 68, 73,  
 79, 375-379, 410.  
 Wilson, of Pa., speech, 411.  
 Wilson tariff amendments, Senator Frye,  
 414, 415, 416.  
 Wisdom of Constitutional ship encour-  
 agement, 358, 359, 360.  
 Wisdom of the shipping act of 1817, 360.  
 Woodbury, of N. H., speech, 270, 271,  
 272.
- Woodbury on the principles of the act  
 of 1828, 271.  
 Woodbury's wild reasoning, 272.  
 Wooden shipbuilding decried by Lloyd's,  
 304, 306.  
 Wooden ships, American, had no supe-  
 riors, 306.  
 Worthlessness of the subsidy plea, 398,  
 399.  
 ZEAL in excess of knowledge, 366.



**The Riverside Press**

*Electrotyped and printed by H. O. Houghton & Co.  
Cambridge, Mass., U. S. A.*

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## THE SHIPPING QUESTION IN HISTORY AND POLITICS

8vo - \$4.00

By

WILLIAM W. BATES

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SECOND EDITION

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HOUGHTON, MIFFLIN AND COMPANY  
BOSTON, NEW YORK, CHICAGO

### CONTENTS

CHAPTER	PAGE
I. THE NATIONAL INTEREST IN A MARINE . . . . .	1
II. THE NATIONAL ECONOMY OF SHIPPING OF OUR OWN . . . . .	9
III. THE NATIONAL INTEREST IN MARITIME PURSUITS . . . . .	26
IV. THE NAVAL ARTS AND NATIONAL PROGRESS . . . . .	42
V. AMERICAN AND BRITISH NAVIGATION LAWS . . . . .	56
VI. THE EVOLUTION OF BRITISH MARITIME POWER . . . . .	62
VII. THE EARLY SHIPPING POLICY OF THE UNITED STATES . . . . .	93
VIII. DECLENSION UNDER RECIPROCITY POLICY . . . . .	125